

Easter Seals Canada

Financial Statements

For the Year Ended March 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Easter Seals Canada

Opinion

We have audited the financial statements of Easter Seals Canada (the "Organization"), which comprise the statement of financial position as at March 31, 2023 and the statements of revenue and expenses, 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 Organization as at March 31, 2023, and 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 Organization 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.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

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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 Organization'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 Organization'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 Organization 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.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
July 6, 2023
Toronto, Ontario

Easter Seals Canada
Statement of Financial Position
As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	\$ 1,617,738	\$ 1,639,982
Accounts receivable	5,754	13,049
HST recoverable	31,545	30,726
Prepaid expenses	20,437	21,639
	1,675,474	1,705,396
Long-term investments (Note 2)	1,867,702	1,923,598
Property and equipment (Note 3)	4,905	7,133
	\$ 3,548,081	\$ 3,636,127

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 157,067	\$ 139,076
Deferred contributions (Note 6)	100,680	183,000
	257,747	322,076

Net assets

Internally restricted for discretionary purposes	468,478	468,478
Internally restricted for stabilization reserve	640,000	640,000
Unrestricted net assets	2,181,856	2,205,573
	3,290,334	3,314,051
	\$ 3,548,081	\$ 3,636,127

Commitments (Note 9)

Approved by the Board

 
 Director Director

Easter Seals Canada
Statement of Changes in Net Assets
Year Ended March 31, 2023

	March 31, 2023			
	Internally Restricted for:		Unrestricted	Total
	Discretionary Purposes	Stabilization Reserve		
Balance, beginning of year	\$ 468,478	\$ 640,000	\$ 2,205,573	\$ 3,314,051
Deficiency of revenue over expenses	-	-	(23,717)	(23,717)
Balance, end of year	\$ 468,478	\$ 640,000	\$ 2,181,856	\$ 3,290,334

	March 31, 2022			
	Internally Restricted for:		Unrestricted	Total
	Discretionary Purposes	Stabilization Reserve		
Balance, beginning of year	\$ 468,478	\$ 640,000	\$ 1,999,710	\$ 3,108,188
Excess of revenue over expenses	-	-	205,863	205,863
Balance, end of year	\$ 468,478	\$ 640,000	\$ 2,205,573	\$ 3,314,051

Easter Seals Canada
Statement of Revenue and Expenses
Year Ended March 31, 2023

	2023	2022
Revenue		
National corporate campaign fundraising (Note 7)	\$ 2,986,847	\$ 1,951,047
Assessments	414,024	414,024
Access 2 Entertainment card	666,520	391,091
Donations	65,714	72,270
Investment income (Note 2)	(26,572)	89,585
Miscellaneous (Note 5)	52,580	122,293
	4,159,113	3,040,310
Expenses		
Corporate campaign disbursements to licensed member (Note 7)	2,532,196	1,514,709
General (schedule - page 11)	980,712	818,265
Easter Seals Fundraising Committee (Note 7)	443,265	356,416
Access 2 Entertainment card	226,657	145,057
	4,182,830	2,834,447
(Deficiency) excess of revenue over expenses	\$ (23,717)	\$ 205,863

Easter Seals Canada
Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022
Cash provided by (used in)		
Operations		
(Deficiency) excess of revenue over expenses	\$ (23,717)	\$ 205,863
Items not affecting cash		
Amortization	5,959	10,368
Realized gain/loss on disposal of long-term investments (Note 2)	17,642	(91,583)
Change in unrealized gain/loss on long-term investments (Note 2)	53,983	50,025
	53,867	174,673
Net change in working capital excluding cash		
Accounts receivable	7,295	53,971
HST recoverable	(819)	(15,573)
Prepaid expenses	1,202	(1,351)
Accounts payable and accrued liabilities	17,991	56,000
Deferred contributions	(82,320)	83,876
Cash (used in) provided by operations	(2,784)	351,596
Investing		
Purchase of property and equipment	(3,731)	(2,439)
Purchase of long-term investments	(3,652,599)	(756,070)
Proceeds from sale of long-term investments	3,636,870	693,924
Cash provided by (used in) investing activities	(19,460)	(64,585)
(Decrease) increase in cash	(22,244)	287,011
Cash, beginning of year	1,639,982	1,352,971
Cash, end of year	\$ 1,617,738	\$ 1,639,982

PURPOSE OF ORGANIZATION

Easter Seals Canada (the "Organization") was incorporated without share capital as a non-profit organization under the provisions of the Canada Corporations Act and subsequently obtained a Certificate of Continuance under the Canada Not-for-profit Corporations Act. The Organization is a registered charity within the meaning of the Income Tax Act. Accordingly, it is exempt from income taxes.

The Organization is a principal national advocate and coordinator acting in partnership with its members and associates to enhance the quality of life of Canadians with disabilities.

These financial statements do not include the financial activities of the Organization's licensed members across Canada. The Organization has no direct control over their day-to-day operations, including their financial activities. For this reason, the Board of Directors has agreed that it would not be either appropriate or feasible to consolidate the licensed members operations in these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the Organization.

Management Estimates

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions, which are non-reciprocal receipts from entities other than members and licensees of the Organization.

- (a) Externally restricted contributions including special purpose grants and receipts from national corporate campaign fundraising are recognized as revenue in the year in which the related expenses are incurred/fundraising receipts are disbursed to licensed members. Accordingly, deferred contributions represent unspent resources from externally restricted contributions.
- (b) Unrestricted contributions (i.e. contributions that have not been externally restricted) are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (c) Bequests received by the Organization are processed promptly and held as a deferred contribution until final disposition is determined. The details of the bequest received are reported to licensed members quarterly and are canvassed to determine if they can establish an ongoing relationship with the donor of the bequest. The results are reported to the Executive and Board of Directors. Once the Board determines the disposition of the bequest it is brought into revenue and either disbursed to a provincial member(s) with the corresponding disbursement being recorded as an expense or retained by the Organization.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition (Cont'd)

Program funding in the form of cost sharing assessments received from members that relate to events that take place in a subsequent fiscal period are reported as deferred revenue, net of any program costs to date. Both the program funding and program expenses are recognized in the period that the event is held or the program is delivered.

Volunteer Services

The Organization benefits substantially from services in the form of volunteer time. These services are not recorded in these financial statements due to the difficulty in determining their fair value.

Property and Equipment

Property and equipment are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which are summarized below.

Computer hardware	3 years
Office furniture and equipment	5 years

When conditions indicate a tangible capital or intangible asset is impaired, it will be written down to its fair value or replacement cost, with the write-down recorded as an expense. Write-downs will not be reversed.

Net Assets

Internally restricted amounts are not available for other purposes without approval of the Board of Directors.

Net assets internally restricted for discretionary purposes are amounts that have been set aside by resolution of the Board of Directors.

Net assets internally restricted for Easter Seals stabilization reserve is to ensure the long-term funding and stability of the Organization and its programs. The purpose of the stabilization reserve is to establish and maintain financial reserves at a minimum level equivalent to at least one year of on-going normalized annual operating expenses (the direct costs of the national office only) of the Organization.

Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and fixed income securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the surplus of revenue over expenses.

Financial assets measured at amortized cost include cash and accounts receivable. The Organization's financial assets measured at fair value include long-term investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments that are subsequently measured at cost or amortized cost.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of a write-down, if any, is recognized in the surplus of revenue over expenses. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of a reversal is recognized in the surplus of revenue over expenses.

Allocation of General Support Expenditures

Rent expense is allocated to the Easter Seals Fundraising Committee and Access 2 Entertainment Program based upon the percentage of office space used.

2. INVESTMENTS

- (a) Long-term investments are managed by a professional investment manager, and are comprised of the following:

	2023	2022
Closing portfolio - at cost	\$ 1,731,489	\$ 1,733,401
Unrealized gain on long-term investments	136,213	190,197
Closing portfolio - at fair value	\$ 1,867,702	\$ 1,923,598

Long-term investments are comprised of fixed income holdings of \$311,860 (2022 - \$138,331) and equity instruments in the amount of \$1,555,842 (2022 - \$1,785,267). The Organization's investments denominated in Canadian listed instruments is \$1,444,667 (2022 - \$1,532,327) and \$423,035 (2022 - \$391,271) in foreign listed instruments.

- (b) Investment income (loss) is comprised of the following:

	2023	2022
Interest and dividend income	\$ 45,053	\$ 48,027
Realized gain (loss) on disposal of long-term investments	(17,642)	91,583
Change in unrealized gain (loss) on long-term investments	(53,983)	(50,025)
	\$ (26,572)	\$ 89,585

Easter Seals Canada
Notes to Financial Statements
March 31, 2023

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2023	Net 2022
Computer hardware	\$ 13,592	\$ 9,081	\$ 4,511	\$ 4,547
Office furniture and equipment	4,470	4,076	394	2,586
	<u>\$ 18,062</u>	<u>\$ 13,157</u>	<u>\$ 4,905</u>	<u>\$ 7,133</u>

4. BANK INDEBTEDNESS

The Organization has arranged a \$100,000 unsecured operating line of credit, bearing interest at the bank's prime interest rate plus 1.50%. As at March 31, 2023, there was no outstanding balance against this line of credit.

5. GOVERNMENT GRANTS

During the year, the Organization applied for and received \$Nil (2022 - \$100,272) from the Federal Government in relation to the Canada Emergency Wage Subsidy and \$Nil (2022 - \$17,792) for the Canada Emergency Rent Subsidy. The various government grants received are included in miscellaneous revenue.

6. DEFERRED CONTRIBUTIONS

(a) The changes in deferred contributions are as follows:

	2023	2022
Deferred contributions, beginning of year	\$ 183,000	\$ 99,124
Add cash received:		
National corporate campaign fundraising (see 6 (c))	2,532,196	1,514,709
Program funding received	1,805,621	744,501
Deduct amounts recognized in income:		
Corporate campaign disbursements to licensed members (Note 7)	(2,532,196)	(1,514,709)
Other disbursements to licensed members	(1,887,941)	(660,625)
Deferred contributions, end of year	<u>\$ 100,680</u>	<u>\$ 183,000</u>

(b) Components of the end of year balance are as follows:

	2023	2022
Program funding	<u>\$ 100,680</u>	<u>\$ 183,000</u>

Easter Seals Canada
Notes to Financial Statements
March 31, 2023

6. DEFERRED CONTRIBUTIONS (Cont'd)

(c) National corporate campaign fundraising receipts from donors were as follows:

	2023	2022
We Care	\$ 1,100,000	\$ 700,000
Other	789,421	255,556
RBC 21st Century Leadership	150,000	150,000
TD Secure Futures	150,000	150,000
ScotiaRISE	147,000	147,000
Century 21	66,998	57,432
CIBC AccessABILITY	50,000	-
Drop Zone	48,612	54,391
Paper Egg	30,000	-
Centum Tech 4 Kids	165	330
	\$ 2,532,196	\$ 1,514,709

7. EASTER SEALS FUNDRAISING COMMITTEE

	2023	2022
Revenue		
Assessments to licensed members for administration	\$ 304,492	\$ 309,780
Special assessments (Drop Zone)	125,080	94,296
Donations	14,539	25,890
Special assessments (Paper Egg)	10,540	6,372
	454,651	436,338
Recognized corporate campaign fundraising (Note 6 (a))	2,532,196	1,514,709
	2,986,847	1,951,047
Expenses		
Salaries and benefits	193,317	169,368
Event production	175,312	124,817
Rent (Note 8)	20,779	22,989
Insurance	20,249	14,082
Paper egg supplies	10,540	6,334
Office supplies, postage and delivery	9,752	7,618
Other	7,123	4,975
Committee	2,343	2,640
Telephone	2,096	1,739
Program development	1,287	740
Office equipment rental	467	1,114
Total administration expenses	443,265	356,416
Corporate campaign disbursements to licensed members (Note 6 (a))	2,532,196	1,514,709
	2,975,461	1,871,125
Excess of revenue over expenses	\$ 11,386	\$ 79,922

8. ALLOCATION OF GENERAL SUPPORT EXPENDITURES

During the year, rent expense totalled \$89,665 (2022 - \$96,825), of which \$20,779 (2022 - \$22,989), which represents 23% (2022 - 24%), was allocated to the Easter Seals Fundraising Committee and 23% (2022 - 24%) was allocated to the Access 2 Entertainment Program.

9. COMMITMENTS

The Organization is committed to the following annual rental payments for premises and photocopying equipment:

2024	\$	36,032
	\$	36,032

10. FINANCIAL INSTRUMENTS

Credit Risk

The Organization is exposed to credit risk on its accounts receivable. Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Organization monitors credit risk by assessing the credit worthiness of counterparties.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. The Organization has financial liabilities outstanding including accounts payable and accrued liabilities. The Organization manages liquidity risk through the use of a stabilization reserve as noted in note 1. It is expected these financial liabilities will be paid in the next fiscal year.

Market Risk

Market risk is the risk that changes in market prices will affect the Organization's surplus of revenue over expenses or the value of financial instruments. The Organization is subject to market risks on its long-term investments. These risks are generally outside the control of the Organization. The objective of the Organization is to mitigate market risk exposures within acceptable limits, while maximizing returns.

Easter Seals Canada
Schedule of General Expense
Year Ended March 31, 2023

	2023	2022
General		
Salaries and employee benefits	\$ 506,287	\$ 483,355
Branding and marketing	241,312	189,398
Rent (Note 8)	48,106	50,847
CEO's meeting expenses	38,676	256
Board of Directors	35,747	841
Investment counsel fees	24,319	25,032
Other general	21,633	21,717
Professional fees	20,567	20,222
Camp committee	15,656	-
Legal expense - trademarks	8,451	10,719
Telephone and internet	7,241	5,999
Office equipment rental	5,034	4,482
Travel	4,861	2,400
Office supplies, postage and delivery	2,822	2,997
	\$ 980,712	\$ 818,265