

Easter Seals Canada

Financial Statements

For the Year Ended March 31, 2022

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, 2022 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, 2022, 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 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.

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 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
June 24, 2022
Toronto, Ontario

Easter Seals Canada
Statement of Financial Position
As at March 31, 2022

	2022	2021
Assets		
Current		
Cash	\$ 1,639,982	\$ 1,352,971
Accounts receivable	13,049	67,020
HST recoverable	30,726	15,153
Prepaid expenses	21,639	20,288
	1,705,396	1,455,432
Long-term investments (Note 2)	1,923,598	1,819,894
Property and equipment (Note 3)	7,133	15,062
	\$ 3,636,127	\$ 3,290,388
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 139,076	\$ 83,076
Deferred contributions (Note 6)	183,000	99,124
	322,076	182,200
Net assets		
Internally restricted for discretionary purposes	468,478	468,478
Internally restricted for stabilization reserve	640,000	640,000
Unrestricted net assets	2,205,573	1,999,710
	3,314,051	3,108,188
	\$ 3,636,127	\$ 3,290,388

Commitments (Note 9)

Approved by the Board




Director
Director

Easter Seals Canada
Statement of Changes in Net Assets
Year Ended March 31, 2022

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

	<u>March 31, 2021</u>			
	<u>Internally Restricted for:</u>		<u>Unrestricted</u>	<u>Total</u>
	<u>Discretionary Purposes</u>	<u>Stabilization Reserve</u>		
Balance, beginning of year	\$ 468,478	\$ 640,000	\$ 1,265,001	\$ 2,373,479
Surplus of revenue over expenses	-	-	734,709	734,709
Balance , end of year	\$ 468,478	\$ 640,000	\$ 1,999,710	\$ 3,108,188

Easter Seals Canada
Statement of Revenue and Expenses
Year Ended March 31, 2022

	2022	2021
Revenue		
National corporate campaign fundraising (Note 7)	\$ 1,951,047	\$ 1,727,348
Assessments	414,024	414,024
Access 2 Entertainment card	391,091	164,028
Miscellaneous (Note 5)	122,293	309,971
Investment income (Note 2)	89,585	354,275
Donations	72,270	57,904
	3,040,310	3,027,550
Expenses		
Corporate campaign disbursements to licensed members (Note 7)	1,514,709	1,301,818
General (schedule - page 11)	819,765	575,864
Easter Seals Fundraising Committee (Note 7)	356,416	298,940
Access 2 Entertainment card	143,557	116,219
	2,834,447	2,292,841
Excess of revenue over expenses	\$ 205,863	\$ 734,709

Easter Seals Canada
Statement of Cash Flows
Year Ended March 31, 2022

	2022	2021
Cash provided by (used in)		
Operations		
Excess of revenue over expenses	\$ 205,863	\$ 734,709
Items not affecting cash		
Amortization	10,368	10,154
Realized gain/loss on disposal of long-term investments (Note 2)	(91,583)	(157,017)
Change in unrealized gain/loss on long-term investments (Note 2)	50,025	(196,754)
	174,673	391,092
Net change in working capital excluding cash		
Accounts receivable	53,971	(30,120)
HST recoverable	(15,573)	3,949
Prepaid expenses	(1,351)	(925)
Accounts payable and accrued liabilities	56,000	(22,334)
Deferred contributions	83,876	99,124
Cash provided by operations	351,596	440,786
Investing		
Purchase of property and equipment	(2,439)	(7,422)
Purchase of long-term investments	(756,070)	(1,324,008)
Proceeds from sale of long-term investments	693,924	1,375,916
Cash provided by (used in) investing activities	(64,585)	44,486
Increase in cash	287,011	485,272
Cash, beginning of year	1,352,971	867,699
Cash, end of year	\$ 1,639,982	\$ 1,352,971

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 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:

	2022	2021
Closing portfolio - at cost	\$ 1,733,401	\$ 1,579,673
Unrealized gain on long-term investments	190,197	240,221
Closing portfolio - at fair value	\$ 1,923,598	\$ 1,819,894

Long-term investments are comprised of fixed income holdings of \$138,331 (2021 - \$260,849) and equity instruments in the amount of \$1,785,267 (2021 - \$1,559,045).

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

	2022	2021
Interest and dividend income	\$ 48,027	\$ 504
Realized gain (loss) on disposal of long-term investments	91,583	157,017
Change in unrealized gain (loss) on long-term investments	(50,025)	196,754
	\$ 89,585	\$ 354,275

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2022	Net 2021
Computer hardware	\$ 9,860	\$ 5,313	\$ 4,547	\$ 9,180
Office furniture and equipment	16,482	13,896	2,586	5,882
	\$ 26,342	\$ 19,209	\$ 7,133	\$ 15,062

Easter Seals Canada
Notes to Financial Statements
March 31, 2022

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, 2022, there was no outstanding balance against this line of credit.

5. GOVERNMENT GRANTS

During the year, the Organization applied for and received \$100,272 (2021 - \$253,333) from the Federal Government in relation to the Canada Emergency Wage Subsidy and \$17,792 (2021 - \$31,898) for the Canada Emergency Rent Subsidy. The various government grants received are included in miscellaneous revenue. In fiscal 2021, the Organization also received an advance of \$60,000 on a Canada Emergency Business Account loan. \$40,000 is included in the accounts payable and accrued liabilities balance and the forgivable portion of \$20,000 was recognized as revenue in 2021.

6. DEFERRED CONTRIBUTIONS

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

	2022	2021
Deferred contributions, beginning of year	\$ 99,124	\$ -
Add cash received:		
National corporate campaign fundraising (see 6 (c))	1,514,709	1,301,818
Program funding received	744,501	368,044
Deduct amounts recognized in income:		
Corporate campaign disbursements to licensed members (Note 7)	(1,514,709)	(1,301,818)
Other disbursements to licensed members	(660,625)	(268,920)
Deferred contributions, end of year	\$ 183,000	\$ 99,124

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

	2022	2021
Program funding	\$ 183,000	\$ 99,124

Easter Seals Canada
Notes to Financial Statements
March 31, 2022

6. DEFERRED CONTRIBUTIONS (Cont'd)

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

	2022	2021
Friends of We Care	\$ 700,000	\$ 600,000
Other	255,556	148,406
RBC 21st Century Leadership	150,000	135,000
TD Secure Futures	150,000	-
ScotiaRISE	147,000	-
Century 21	57,432	64,166
Drop Zone	54,391	23,946
Centum Tech 4 Kids	330	300
Rogers Family Foundation	-	250,000
CIBC AccessABILITY	-	50,000
Amway	-	20,000
Booster Juice	-	10,000
	\$ 1,514,709	\$ 1,301,818

7. EASTER SEALS FUNDRAISING COMMITTEE

	2022	2021
Revenue		
Assessments to licensed members for administration	\$ 309,780	\$ 356,898
Special assessments (Drop Zone)	94,296	46,824
Donations	25,890	20,768
Special assessments (Paper Egg)	6,372	1,040
	436,338	425,530
Recognized corporate campaign fundraising (Note 6 (a))	1,514,709	1,301,818
	1,951,047	1,727,348
Expenses		
Salaries and benefits	169,368	191,416
Event production	124,817	64,208
Rent (Note 8)	22,989	15,702
Insurance	14,082	9,504
Office supplies, postage and delivery	7,618	2,059
Paper egg supplies	6,334	977
Other	4,975	6,363
Committee	2,640	3,251
Telephone	1,739	1,846
Office equipment rental	1,114	839
Program development	740	2,775
Total administration expenses	356,416	298,940
Corporate campaign disbursements to licensed members (Note 6 (a))	1,514,709	1,301,818
	1,871,125	1,600,758
Excess of revenue over expenses	\$ 79,922	\$ 126,590

8. ALLOCATION OF GENERAL SUPPORT EXPENDITURES

During the year, rent expense totalled \$96,825 (2021 - \$66,890), of which \$22,989 (2021 - \$15,702), which represents 24% (2021 - 23%), was allocated to the Easter Seals Fundraising Committee and 24% (2021 - 23%) 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:

2023	\$	30,027
2024		36,032
		<hr/>
	\$	66,059

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, 2022

	2022	2021
General		
Salaries and employee benefits	\$ 483,355	\$ 430,282
Branding and marketing	189,398	23,800
Rent (Note 8)	50,847	35,496
Investment counsel fees	25,032	22,111
Other general	21,717	20,351
Professional fees	20,222	19,730
Legal expense - trademarks	10,719	800
Telephone and internet	5,999	7,189
Office equipment rental	4,482	6,699
Office supplies, postage and delivery	2,997	3,817
Travel	2,400	2,460
Other fundraising	1,500	1,500
Board of Directors	841	1,132
CEO's meeting expenses	256	497
	\$ 819,765	\$ 575,864