

Easter Seals Ontario

Financial Statements

December 31, 2009

(in thousands of dollars)

Responsibility for Financial Reporting

The accompanying financial statements of **Easter Seals Ontario**, incorporated as the Ontario Society for Crippled Children, were prepared by management in accordance with Canadian generally accepted accounting principles.

Management is responsible for the integrity and objectivity of the financial statements and has established systems of internal control, which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, proper accounting records are maintained and reliable financial reports are prepared on a regular basis.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises its responsibilities through the Finance Committee, composed primarily of members of the Board of Directors, who meet regularly with representatives of management and monitor the functioning of the accounting and control systems. The Audit Committee meets with management and the external auditors to review the results of the audit examination.

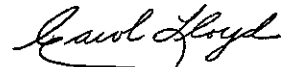
The external auditors have conducted an independent audit, in accordance with Canadian generally accepted auditing standards, and have expressed their opinion on the financial statements. Their report outlines the nature of their audit and their opinion on the fairness of the financial statements of **Easter Seals Ontario** and the accounting principles followed in management's preparation thereof.



Rob Berkovitz, CA
Chair, Board of Directors



Daniel St-Onge, CA
Treasurer



Carol Lloyd, MBA
President and CEO

April 1, 2010

April 1, 2010

Auditors' Report

To the Members of Easter Seals Ontario

We have audited the balance sheet of **Easter Seals Ontario**, incorporated as the Ontario Society for Crippled Children, as at December 31, 2009 and the statements of revenue and expenditure, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Easter Seals Ontario's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, Easter Seals Ontario derives part of its revenue from the general public in the form of donations, which are not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts recorded in the records of Easter Seals Ontario and we were not able to determine whether any adjustments might be necessary to donation revenues and unrestricted net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donation revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of **Easter Seals Ontario** as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants

Easter Seals Ontario

Balance Sheet

As at December 31, 2009

(in thousands of dollars)

	2009	2008
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,160	1,179
Short-term investments	759	1,941
Accounts receivable	509	667
Prepaid expenses	195	178
	<u>3,623</u>	<u>3,965</u>
Investments (note 3)	2,757	2,092
Property and equipment (note 4)	<u>4,241</u>	<u>4,713</u>
	<u>10,621</u>	<u>10,770</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	370	418
Deferred revenue	184	118
	<u>554</u>	<u>536</u>
Deferred lease liability	<u>267</u>	<u>264</u>
Deferred capital contributions (note 5)		
Camp and children's services	163	155
Unamortized restricted bequests	2,063	2,274
	<u>2,226</u>	<u>2,429</u>
Net Assets		
Restricted for endowment purposes	867	858
Invested in property and equipment	2,178	2,439
Camp capital and recreational choices	1,919	1,900
Unrestricted	2,610	2,344
	<u>7,574</u>	<u>7,541</u>
	<u>10,621</u>	<u>10,770</u>

Commitments (note 9)

Approved by the Board of Directors



Rob Berkovitz, Director



Daniel St-Onge, Director

Easter Seals Ontario

Statement of Revenue and Expenditure For the year ended December 31, 2009

(in thousands of dollars)

	2009 \$	2008 \$
Revenue		
Public support (note 6)		
Easter Seals Ontario direct mail campaign	2,043	2,234
District council and community support	2,501	2,576
Corporate and third party events	2,926	2,983
Games of chance	155	151
Unrestricted bequests	1,849	2,055
Amortization of deferred capital contributions (note 5)	247	258
	<u>9,721</u>	<u>10,257</u>
Camp and other program contributions	295	290
Government grants	211	192
Investment income	96	114
Other revenue	45	76
Unrealized gain (loss) on investments	(85)	90
	<u>562</u>	<u>762</u>
Total revenues	<u>10,283</u>	<u>11,019</u>
Expenditure		
Program expenditure		
Direct support to children and families	1,474	1,452
Camping	2,512	2,708
Community development and service delivery	1,579	1,587
Public education, advocacy and government relations (note 6)	2,071	2,091
	<u>7,636</u>	<u>7,838</u>
Gross fundraising (note 6)	2,738	2,424
Less: Donations in-kind	491	184
	<u>2,247</u>	<u>2,240</u>
Net fundraising (note 6)	2,247	2,240
Management and administrative support	395	654
	<u>2,642</u>	<u>2,894</u>
Total expenditure	<u>10,278</u>	<u>10,732</u>
Excess of revenue over expenditure for the year	<u>5</u>	<u>287</u>

Easter Seals Ontario

Statement of Changes in Net Assets

For the year ended December 31, 2009

(in thousands of dollars)

2009

	Restricted for endowment purposes \$	Invested in property and equipment \$	Camp capital and recreational choices \$	Unrestricted \$	Total \$
Balance - Beginning of year	858	2,439	1,900	2,344	7,541
Excess (deficiency) of revenue over expenditure for the year	-	(276)	-	281	5
Investment in property and equipment	-	15	-	(15)	-
Endowment contributions	12	-	-	-	12
Endowment expenditure	(15)	-	-	-	(15)
Interest applied	12	-	19	-	31
Balance - End of year	867	2,178	1,919	2,610	7,574

2008

	Restricted for endowment purposes \$	Invested in property and equipment \$	Camp capital and recreational choices \$	Unrestricted \$	Total \$
Balance - Beginning of year	825	2,290	1,651	2,440	7,206
Excess (deficiency) of revenue over expenditure for the year	-	(360)	(146)	793	287
Investment in property and equipment	-	509	-	(509)	-
Endowment contributions	40	-	-	-	40
Endowment expenditure	(18)	-	-	-	(18)
Interest applied	11	-	15	-	26
Interfund transfers	-	-	380	(380)	-
Balance - End of year	858	2,439	1,900	2,344	7,541

Easter Seals Ontario

Statement of Cash Flows

For the year ended December 31, 2009

(in thousands of dollars)

	2009 \$	2008 \$
Cash flow provided by (used in)		
Operating activities		
Excess of revenue over expenditure for the year	5	287
Non-cash items		
Unrealized loss (gain) on investments	85	(90)
Amortization of property and equipment (note 4)	515	618
Amortization of deferred contributions (note 5)	(247)	(258)
Deferred lease liability	3	264
Net change in non-cash working capital items	159	268
	<u>520</u>	<u>1,089</u>
Investing activities		
Contributions to restricted bequests, including interest (note 5)	44	146
Endowment contributions	12	40
Purchase of property and equipment	(43)	(655)
Sale (purchase) of investments	432	(524)
Release of endowment funds for expenditures	(15)	(18)
Interest applied	31	26
	<u>461</u>	<u>(985)</u>
Increase in cash and cash equivalents during the year	981	104
Cash and cash equivalents - Beginning of year	<u>1,179</u>	<u>1,075</u>
Cash and cash equivalents - End of year	<u>2,160</u>	<u>1,179</u>
Cash and cash equivalents comprise		
Cash	960	579
Cash equivalents	1,200	600
	<u>2,160</u>	<u>1,179</u>

Easter Seals Ontario

Notes to Financial Statements

December 31, 2009

(in thousands of dollars)

1 Mandate

Easter Seals Ontario (the Organization) is dedicated to helping children, youth and young adults with physical disabilities achieve a greater level of acceptance and independence.

The Organization provides financial assistance for essential mobility equipment and communication devices, such as walkers, wheelchairs, porch lifts and ramps to families who require additional help and support in raising a child with a physical disability. The Organization also owns and operates two fully accessible summer camps and provides funding for children with physical disabilities to attend other recreational programs, and provides access to information and resources, as well as public education and awareness.

The Organization was incorporated in 1922 as the Society for Crippled Children and is a registered charity (number 119068377 RR0001) under the Income Tax Act (Canada).

2 Summary of significant accounting policies

The financial statements of the Organization have been prepared in accordance with Canadian generally accepted accounting principles. The accrual basis of accounting is used for reporting all revenue and expenditure.

Changes in accounting policies

Section 4400, Financial Statement Presentation By Not-for-Profit Organizations

Effective January 1, 2009, the Organization adopted amendments to CICA Handbook Section 4400, Financial Statement Presentation for Not-for-Profit Organizations, which include the option to eliminate the requirement to separately disclose the amount of net assets invested in property and equipment. The Organization has chosen to continue to disclose net assets invested in property and equipment as a separate component of its net assets.

Effective January 1, 2009, the Organization retrospectively adopted CICA Handbook Section 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations, which requires an organization to disclose its policy if it classifies expenses by function and allocates some of its fundraising and general support costs to another function (note 6). This standard impacts the Organization's disclosures but does not affect the Organization's results or financial position.

Revenue recognition

Revenue is recognized only when the amount is measurable and reasonable certainty of collection exists. Accordingly, due to their nature, donation revenue and unrestricted bequests are recorded when received.

Revenue received in advance for special fundraising activities is deferred until the event has occurred, at which time, all fundraising revenue and related expenditure are reflected in the statement of revenue and expenditure.

Easter Seals Ontario

Notes to Financial Statements

December 31, 2009

(in thousands of dollars)

Revenue from restricted bequests and donations for children, youth and young adult services is deferred and recognized as revenue in the year in which the related expenditure is incurred.

Endowment contributions are recognized as direct increases in net assets.

Public support fundraising revenue is recorded based on gross dollars received with the related fundraising costs separately recorded on the statement of revenue and expenditure.

Donations in-kind

Donations in-kind are recorded when a fair value can be reasonably estimated and when the goods or assets are used in the normal course of operations and would otherwise have been purchased. Donated property and equipment are recorded as a direct increase to property and equipment and net assets on the balance sheet. Because of the difficulty in determining fair value, the contributed services of volunteers are not recognized in these financial statements.

Allocation of expenditures

The Organization engages in financial assistance, camping, stakeholder advocacy and education and public education and awareness programs. The costs of each program include the costs of personnel, premises and other expenditures that are directly related to providing the programs. The Organization also incurs a number of general support costs common to the administration of the Organization and each of its programs, including the costs of personnel, premises and other expenditures for the corporate services and information technology functions. The Organization allocates certain of its general support expenditures by identifying the appropriate basis of allocation for each component expenditure and applies that basis consistently each year. Management and administrative support costs are allocated based on the number of full-time equivalents working in each function.

Fundraising costs for the direct mail, district council and community support and corporate and third party events are allocated to public education, advocacy and government relations based on the estimated portion of direct costs incurred to promote the organization and its mission through posters, videos, brochures, etc., as a percentage of total fundraising costs.

Net assets

Funds restricted for endowment purposes include gifts, bequests and other special donations received by the Organization in respect of which explicit restrictions exist on the use of the funds.

The funds invested in property and equipment relate to the Organization's investment in property and equipment and are classified as internally restricted funds. Contributions restricted for the purchase of property and equipment are deferred and matched with the related amortization expense and are disclosed as deferred capital contributions (unamortized restricted bequests).

Easter Seals Ontario
 Notes to Financial Statements
 December 31, 2009

(in thousands of dollars)

Funds restricted for camp capital and recreational choices have been internally restricted by the Board of Directors for this purpose.

Unrestricted net assets represent funds available to support ongoing operations.

Financial instruments

The Organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Organization's accounting policy for each category is as follows:

Financial instrument	Category	Measurement
Cash and cash equivalents	held-for-trading	fair value
Short-term investments	held-for-trading	fair value
Accounts receivable	loans and receivables	cost
Investments	held-for-trading	fair value
Accounts payable and accrued liabilities	other financial liabilities	cost

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and GICs having original terms to maturity of three months or less when acquired.

Short-term investments

Short-term term investments include GICs with original terms to maturity between 90 days and one year when acquired.

Property and equipment

Property and equipment purchased by the Organization are recorded at cost and those assets donated to the Organization are recorded at their fair value on the date of receipt. The carrying values of property and equipment on the balance sheet are amortized at the following rates:

Camp buildings	10% declining balance
Camp and office equipment	20% declining balance
Program vehicles	30% declining balance
Computer equipment and technology	20% to 33-1/3% straight-line

Deferred lease liability

Current and future rent escalations are expensed on a basis that allocates these costs on a straight-line basis over the term of the lease.

Lease incentives are recorded as deferred lease inducements and amortized as a reduction of the lease expense over the term of the lease.

Easter Seals Ontario
Notes to Financial Statements
December 31, 2009

(in thousands of dollars)

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the year. Significant estimates included in these financial statements are used when determining the useful life of property and equipment, accruals and allocation of expenses to fundraising and public awareness. Actual results could differ from those estimates.

3 Investments

	2009		2008	
	Cost \$	Fair value \$	Cost \$	Fair value \$
GICs	1,966	1,966	506	506
Bonds	755	791	1,455	1,586
	2,721	2,757	1,961	2,092

The bonds are long-term investments and consist of federal guaranteed bonds and provincial bonds with AA rating or higher. The bonds bear an average effective interest rate of 4.8%, with approximately \$200 maturing by 2011.

A portion of the capital invested in bonds and GICs is restricted. The GIC investments have various maturity dates between February 2010 and June 2014. The restricted amount of \$867 (2008 - \$858) represents endowments and trusts received, whereby the principal amount cannot be utilized by the Organization other than for investment income purposes.

4 Property and equipment

	2009		
	Cost \$	Accumulated amortization \$	Net \$
Camp land	42	-	42
Camp buildings	9,958	6,371	3,587
Camp and office equipment	1,763	1,557	206
Program vehicles	328	308	20
Computer equipment and technology	1,607	1,573	34
Leasehold improvements	425	73	352
	14,123	9,882	4,241

Easter Seals Ontario
Notes to Financial Statements
December 31, 2009

(in thousands of dollars)

	2008		
	Cost \$	Accumulated amortization \$	Net \$
Camp land	42	-	42
Camp buildings	9,948	5,973	3,975
Camp and office equipment	1,745	1,508	237
Program vehicles	328	299	29
Computer equipment and technology	1,592	1,557	35
Leasehold improvements	425	30	395
	14,080	9,367	4,713

Amortization of property and equipment of \$515 (2008 - \$605) has been included within the applicable expenditure categories, to which it relates, in the statement of revenue and expenditure, to more accurately reflect infrastructure and support costs for program and operating expenditure.

5 Deferred capital contributions

Deferred capital contributions represent the unspent amounts of contributions and bequests whose use has been externally restricted for capital purposes and also the interest earned on these funds.

	2009		2008	
	Camp and children's services \$	Unamortized restricted bequests \$	Total \$	Total \$
Balance - Beginning of year	155	2,274	2,429	2,541
Donations received	42	-	42	144
Interest earned	2	-	2	2
Amortization/expenditures	(9)	(238)	(247)	(258)
Transfer of funds for purchase of property and equipment	(27)	27	-	-
Balance - End of year	163	2,063	2,226	2,429

6 Allocation of expenditures

Fundraising expenditures

Fundraising expenditures reported in the statement of revenue and expenditure of \$2,247 (2008 - \$2,240) are reported after allocation of \$1,625 (2008 - \$1,629) to the public education advocacy and government relations program, representing the cost of brochures and educational materials that were part of the campaign or event and were sent and/or presented to specific individuals who could benefit from the educational content therein. Public education, advocacy and government relation costs also include salaries and benefits, direct event expenditure and production costs.

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(in thousands of dollars)

Management and administrative support costs

Management and administrative support costs include finance, administration, human resources and information technology department expenditures of which \$1,202 (2008 - \$1,271) have been allocated as follows:

	2009	2008
	\$	\$
Direct support to children and their families	64	74
Camping	457	532
Community development and service delivery	418	399
Public education, advocacy and government relations	27	30
Fundraising	236	236
	<u>1,202</u>	<u>1,271</u>

7 Incontinence Supplies Grant Program

Since 1999, the Organization has administered the Incontinence Supplies Grant Program for children and youth with disabilities under the age of 18, which was established for the purpose of assisting families with the extraordinary costs faced with caring for children and youth with chronic incontinence living in the community. The program is funded by the Province of Ontario, Ministry of Health and Long-Term Care. During the province's fiscal year ended March 31, 2009, the total cost to support and administer the program for 6,719 (2008 - 6,900) clients was \$4,922 (2008 - \$5,250).

For the fiscal year ended March 31, 2009, the Organization continued to assume the responsibility of administering a related government program to top up the grants, on a short-term project basis, for eligible families receiving assistance for children with severe disabilities. The total cost to support and administer the program for 1,831 (2008 - 1,400) families was \$597 (2008 - \$528) for the province's year ended March 31, 2009.

For each of these programs, the Organization has an economic interest, but does not control or have the ability to exercise significant influence over the programs; consequently, the respective program activities and transactions have not been recorded in these financial statements.

8 Ontario Trillium Foundation - Project Continuum

Project Continuum (the Project) was initiated by letter of agreement between Easter Seals Ontario and the Ontario Trillium Foundation in April 2006, to study the feasibility of Easter Seals Ontario working more closely with Ontario March of Dimes to achieve comprehensive and cost effective services for children, youth and adults with physical disabilities. The Project is funded with a \$449 grant from the Ontario Trillium Foundation. To date, the Project has received all of the expected funding, and has expended \$345 on Project related activities. Contributions received by the Project from the Ontario Trillium Foundation are deferred and recognized as revenue by the Project in the year in which the related expenditure is incurred. The amount of expenditure recognized by the Project in 2009 is \$181 (2008 - \$24). Easter Seals Ontario accounts for the joint venture interest in the project using the equity method, and therefore there is nothing to report in the statement of revenue and expenditure.

Easter Seals Ontario

Notes to Financial Statements

December 31, 2009

(in thousands of dollars)

At December 31, 2009, Easter Seals Ontario holds cash of \$111 (2008 - \$229) in trust for the Project, offset by a related liability to the Project.

9 Commitments

- a) The Organization has entered into various lease arrangements for premises and equipment, which include future commitments. The expected future minimum payments related to these commitments are as follows:

	\$
2010	214
2011	190
2012	113
2013	95
2014	95
Thereafter	305
	<hr/>
	1,012
	<hr/>

- b) As part of the Organization's mandate, the Organization funds requests from families for financial assistance. These requests are for equipment and mobility and communication devices. As at December 31, 2009, the value of approved and outstanding commitments for requests for financial assistance amounted to net proceeds of approximately \$98 (2008 - \$36).
- c) On December 21, 2009, it was announced that Easter Seals Ontario has been awarded a grant of \$2,600 from the Infrastructure Stimulus Fund, a joint project of Infrastructure Canada and the Government of Ontario to build a multi-sport centre at Camp Woodeden. Funding of the grant will be shared equally by the Government of Canada and the Government of Ontario. Easter Seals Ontario will contribute one-third of the total cost of the project or \$1,300, from its net assets held in camp capital and recreational choices. The project is scheduled to be completed by March 31, 2011.

10 Risk management

It is management's opinion that the Organization is not exposed to significant interest or currency risks. Exposure to credit, liquidity and market risks is as follows:

Credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk are cash and cash equivalents, short-term investments and investments. The Organization places its cash and cash equivalents in interest bearing accounts and instruments insured by a Canadian chartered bank, or in highly liquid investments that are readily convertible into known amounts of cash.

Easter Seals Ontario

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(in thousands of dollars)

Liquidity risk

Liquidity risk is the risk the Organization will not be able to meet its financial obligations as they come due. The Organization manages liquidity risk through regular monitoring of forecast and actual cash flows. Given the Organization's available liquid resources as compared to the timing of the payment of liabilities, management assesses the Organization's liquidity risk to be low.

Market risk

Investments are subject to market risk, which includes price risk. The price risk of the portfolio is the volatility and risk of capital loss associated with investment in equities. The Organization manages this risk by investing in fixed income instruments and short-term investments that meet specific investment criteria established and approved by the Board of Directors and designed to adequately diversify the Organization's investments to reduce exposure to market risk. Investments are recorded at market values. Market value estimates are made at a specific point in time and may not be reflective of future value. The Organization does not hold or issue financial instruments for active trading purposes and does not hold or invest in derivative financial instruments.

11 Management of capital

The Organization views its capital as the combination of its Restricted and Unrestricted Funds. The Organization's objectives when managing capital are to safeguard its ability to continue as a going concern and fulfill its mandate to help children, youth and young adults with physical disabilities achieve their full individual potential and future independence. The Organization has determined it should maintain a certain level of working capital to ensure the stability of its operations. The restricted funds represent funds that are both internally and externally restricted (note 2). Unrestricted funds are available for the Organization's day-to-day operations.

The Board of Directors has determined that, in seeking a return on its funds, such funds shall be invested in bonds and short-term investments.

The Organization has historically generated sufficient cash flow to meet its needs from unrestricted funds. During the year, the Board internally restricted \$nil (2008 - \$380) to the camp capital and recreational choices fund from unrestricted net assets.

12 Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.