



Grant Thornton

Financial Statements

Easter Seals Ontario
(in thousands of dollars)

December 31, 2015

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13

Independent Auditor's Report

Grant Thornton LLP
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949
www.GrantThornton.ca

To the Members of
Easter Seals Ontario
(in thousands of dollars)

We have audited the accompanying financial statements of Easter Seals Ontario, which comprise the statement of financial position as at December 31, 2015, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Easter Seals Ontario as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Canada
March 29, 2016

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Easter Seals Ontario

(in thousands of dollars)

Statement of Operations

Year ended December 31, 2015

	2015	2014
Revenue		
Public support		
Corporate and third party events	\$ 3,748	\$ 3,583
Community support	2,275	2,422
Direct mail	1,433	1,625
Unrestricted bequests	1,619	1,272
Amortization of deferred capital contributions (Note 6)	<u>260</u>	<u>252</u>
	<u>9,335</u>	<u>9,154</u>
Camp and other program contributions	574	565
Investment income	63	77
Government grants	81	81
Other revenue	<u>22</u>	<u>57</u>
	<u>740</u>	<u>780</u>
Total revenue	<u>10,075</u>	<u>9,934</u>
Expenditures (Note 7)		
Program expenditures		
Direct support to children and families	1,785	1,704
Camping	2,626	2,596
Community development and service delivery	1,304	1,560
Public education and awareness programs	<u>1,827</u>	<u>2,008</u>
	<u>7,542</u>	<u>7,868</u>
Fundraising	1,984	2,062
Management and administrative support	<u>197</u>	<u>229</u>
	<u>2,181</u>	<u>2,291</u>
Total expenditures	<u>9,723</u>	<u>10,159</u>
Excess (deficiency) of revenue over expenditures for the year	<u>\$ 352</u>	<u>\$ (225)</u>

Easter Seals Ontario

(in thousands of dollars)

Statement of Changes in Net Assets

Year ended December 31, 2015

	Restricted for Endowment Purposes	Invested in Property and Equipment	Restricted for Direct Support to Children and Families	Restricted for Camp Capital	Unrestricted	2015 Total	2014 Total
Balance, beginning of year	\$ 842	\$ 2,235	\$ 204	\$ -	\$ 3,588	\$ 6,869	\$ 7,074
Excess (deficiency) of revenue over expenditures for the year	(13)	(199)	-	-	564	352	(225)
Endowment contributions	21	-	-	-	-	21	22
Endowment expenditure	-	-	-	-	-	-	(12)
Interest applied	-	-	-	-	-	-	10
Fund transfer	-	-	150	150	(300)	-	-
Balance, end of year	<u>850</u>	<u>2,036</u>	<u>354</u>	<u>150</u>	<u>3,852</u>	<u>7,242</u>	<u>6,869</u>

See accompanying notes to the financial statements.

Easter Seals Ontario

(in thousands of dollars)

Statement of Financial Position

As at December 31, 2015

2015

2014

Assets

Current assets

Cash	\$ 2,127	\$ 3,253
Accounts receivable (Note 3)	708	913
Prepaid expenses	121	138
	<u>2,956</u>	<u>4,304</u>

Investments (Note 4)	2,850	1,201
Property and equipment (Note 5)	<u>5,476</u>	<u>5,865</u>
	<u>\$ 11,282</u>	<u>\$ 11,370</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 301	\$ 433
Deferred revenue	<u>33</u>	<u>250</u>
	334	683

Deferred lease liability	89	121
Deferred capital contributions to camp and children's services (Note 6)	177	67
Deferred capital contributions and bequests (Note 6)	<u>3,440</u>	<u>3,630</u>
	<u>4,040</u>	<u>4,501</u>

Net assets

Restricted for endowment purposes	850	842
Restricted for direct support to children and families	354	204
Restricted for camp capital	150	-
Invested in property and equipment	2,036	2,235
Unrestricted	<u>3,852</u>	<u>3,588</u>
	<u>7,242</u>	<u>6,869</u>
	<u>\$ 11,282</u>	<u>\$ 11,370</u>

Commitments (Note 9)

On behalf of the Board

(Duncan Hawthorne) Director

(John M. Herhalt) Director

Easter Seals Ontario

(in thousands of dollars)

Statement of Cash Flows

Year ended December 31, 2015

2015

2014

Increase (decrease) in cash

Operating

Excess (deficiency) of revenue over expenditures \$ 352 \$ (225)

Items not affecting cash

Amortization of property and equipment 459 467

Amortization of deferred contributions (260) (252)

Amortization of deferred lease liability (32) (33)

519 (43)

Net change in non-cash working capital items

Accounts receivable 205 (41)

Prepaid expenses 17 (15)

Accounts payable and accrued liabilities (132) (13)

Deferred revenue (217) (161)

(127) (230)

392 (273)

Investing

Change in investments (net) (1,649) 1,405

Restricted contributions and bequests (Note 6) 180 57

Endowment contributions 21 22

Purchase of property and equipment (70) (133)

Release of endowment funds for expenditures - (12)

Interest applied to endowment funds - 10

(1,518) 1,349

Increase (decrease) in cash

(1,126) 1,076

Cash

Beginning of year 3,253 2,177

End of year \$ 2,127 \$ 3,253

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

Year ended December 31, 2015

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 children 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 founded in 1922 and incorporated in 1930 as the Ontario 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 accounting standards for not-for-profit organizations (ASNPO). The accrual basis of accounting is used for reporting all revenue and expenditures.

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 or receivable.

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

Revenue from restricted contributions and bequests and donations for camp and children's services is deferred and recognized as revenue in the year which the related expenditure is incurred.

Endowment contributions are recognized as direct increases in the statement of changes 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 operations.

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. Donations in-kind received in 2015 amounted to \$82 (2014 - \$61). Donated property and equipment are recorded as a direct increase to property and equipment and net assets on the statement of financial positions. Because of the difficulty in determining fair value, the contributed services of volunteers are not recognized in these financial statements.

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

Year ended December 31, 2015

2. Summary of significant accounting policies (continued)

Allocation of expenditures

The Organization engages in financial assistance, camping 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 costs 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 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 and other promotional activities 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.

Funds restricted by the board for direct support to children and families is for essential mobility equipment and communication devices.

Funds restricted by the board for camp capital is for future capital projects and expansion of the camp facilities.

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.

Unrestricted net assets represent funds available to support ongoing operations.

Financial instruments

The Organization's financial instruments comprise cash, accounts receivable, investments and accounts payable.

Cash, accounts receivable and accounts payable are initially recorded at their fair value with related party transactions recorded at the exchange amount. The Organization subsequently measures all of its financial assets and liabilities, aside from its investments at amortized cost.

Investments are valued based on cost plus accrued income, which approximates fair value. Transactions are recorded on a settlement date basis and transaction costs are expensed as incurred.

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

Year ended December 31, 2015

2. Summary of significant accounting policies (continued)

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 statement of financial position are amortized at the following rates:

Camp buildings	10-35 years straight-line
Camp and office equipment	5-10 years straight-line
Program vehicles	5 years straight-line
Computer equipment and technology	3-5 years straight-line
Leasehold	straight-line over the term of the lease

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.

Use of estimates

The preparation of financial statements in accordance with ASNPO 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 and assumptions included in these financial statements are used when determining the useful life of property and equipment, accruals and allocation of expenses to fundraising and program expenditure. Actual results could differ from those estimates.

3. Accounts receivable and related party transactions

Included in accounts receivable as at December 31, 2015 are amounts of \$437 (2014 - \$425) received by Easter Seals Canada which were specifically designated to Easter Seals Ontario.

Included in expenses during the fiscal year are \$272 (2014 - \$261) paid to Easter Seals Canada for administrative and licencing fees.

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

Year ended December 31, 2015

4. Investments

Investments are comprised of Guaranteed Investment Certificates (GIC's). The GIC investments have various maturity dates between November 2016 and November 2017. The restricted amount of \$850 (2014 - \$842) represents endowments and trusts received, where the principal amount cannot be utilized by the Organization other than for investment income purposes.

5. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2015 Total</u>	<u>2014 Total</u>
Camp land	\$ 42	\$ -	\$ 42	\$ 42
Camp buildings	13,813	8,581	5,232	5,565
Camp and office equipment	1,931	1,826	105	109
Program vehicles	366	366	-	-
Computer equipment and technology	475	475	-	9
Leasehold	425	328	97	140
	<u>\$ 17,052</u>	<u>\$ 11,576</u>	<u>\$ 5,476</u>	<u>\$ 5,865</u>

Amortization of property and equipment of \$459 (2014 - \$467) has been included within the applicable expenditure categories to which it relates in the statement of operations to more accurately reflect infrastructure and support costs for program and operating expenditure.

6. Deferred capital contributions

Deferred capital contributions represent the unspent amounts of contributions and bequests whose use has been externally restricted for capital purposes.

	<u>Camp and Children's Services</u>	<u>Restricted contributions and bequests</u>	<u>Total 2015</u>	<u>Total 2014</u>
Balance, beginning of year	\$ 67	\$ 3,630	\$ 3,697	\$ 3,892
Donations received	180	-	180	57
Transfer of Funds	(70)	70	-	-
Amortization	-	(260)	(260)	(252)
Balance, end of year	<u>\$ 177</u>	<u>\$ 3,440</u>	<u>\$ 3,617</u>	<u>\$ 3,697</u>

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

Year ended December 31, 2015

7. Allocation of expenditures

Fundraising expenditures

Fundraising expenditures reported in the statement of operations of \$1,984 (2014 - \$2,062) are reported after allocation of \$1,246 (2014 - \$1,423) to the public education and awareness programs, 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 and awareness programs costs also include salaries and benefits, direct event expenditure and production costs.

Management and administrative support costs

Management and administrative support costs include amortization of property and equipment, finance, administration, human resources and information technology department expenditures of which \$1,112 (2014 - \$1,163) has been allocated as follows:

	<u>2015</u>	<u>2014</u>
Direct support to children and families	\$ 83	\$ 84
Camping	598	635
Community development and service delivery	200	220
Public education, advocacy and government relations	42	44
Fundraising	<u>189</u>	<u>180</u>
	<u>\$ 1,112</u>	<u>\$ 1,163</u>

8. 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. During the province's fiscal year ended March 31, 2015, the total cost to support and administer the program for 6,425 (2014 - 6,107) clients was \$4,140 (2014 - \$4,195).

For the fiscal year ended March 31, 2015, 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 1,366 (2014 - 1,322) families was \$411 (2014 - \$399) for the province's year ended March 31, 2015.

For each of these programs, the Organization 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.

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

Year ended December 31, 2015

9. Commitments

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:

2016	\$	166
2017		130
2018		24
Thereafter		<u>-</u>
	\$	<u>320</u>

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, 2015, the value of approved and outstanding commitments for requests for financial assistance amounted to approximately \$56 (2014 - \$214).

10. Credit facility

The Organization has access to a \$500 credit facility (the "facility") for operations. The facility bears interest at the bank's prime rate plus 0.5% and is repayable on demand. The facility is secured by a collateral mortgage against property owned by the Organization.

11. 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 short-term investments. The Organization places its cash in interest bearing accounts and instrument insured by a Canadian chartered bank, or in highly liquid investments that are readily convertible into known amounts of cash. The allowance for doubtful accounts at December 31, 2015 is \$20 (2014 - \$20).

Liquidity risk

Liquidity risk is the risk that 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.

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

Year ended December 31, 2015

11. Risk management (continued)

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 fair values. Fair 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.