



Financial Statements

Easter Seals Ontario

(in thousands of dollars)

December 31, 2023

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Independent Auditor's Report

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To the Members of
Easter Seals Ontario

Opinion

We have audited the financial statements of Easter Seals Ontario ("the Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, 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 Easter Seals Ontario as at December 31, 2023, and its results of 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 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.

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.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Toronto, Canada
May 8, 2024

Chartered Professional Accountants
Licensed Public Accountants

Easter Seals Ontario

(in thousands of dollars)

Statement of Operations

Year ended December 31

2023

2022

Revenue

Public support

Fundraising initiatives and events

\$ 6,831 \$ 6,027

Direct mail

1,315 1,376

Bequests

1,068 2,091

Amortization of deferred capital contributions (Note 7)

222 128

9,436 9,622

Camp and other program contributions

719 660

Investment income

424 165

Government grants

19 327

Other revenue

35 87

1,197 1,239

Total revenue

10,633 10,861

Expenditures

Program expenditures (Note 9)

Support to children and families

2,403 2,514

Camping

2,791 2,201

Public education and awareness programs

1,220 1,567

6,414 6,282

Fundraising (Note 9)

3,693 3,031

Management and administrative support

650 670

4,343 3,701

Total expenditures

10,757 9,983

(Deficiency) excess of revenue over expenditures for the year

\$ (124) \$ 878

Easter Seals Ontario

(in thousands of dollars)

Statement of Changes in Net Assets

Year ended December 31

	Restricted for endowment purposes (Note 8)	Invested in property and equipment	Internally restricted for support to children and families	Internally restricted for camp support	Unrestricted	2023 Total	2022 Total
Balance, beginning of year	\$ 798	\$ 1,268	\$ 1,463	\$ 1,003	\$ 4,885	\$ 9,417	\$ 8,572
(Deficiency) excess of revenue over expenditures for the year	-	(179)	-	-	55	(124)	878
Fund transfers	-	233	(211)	(233)	211	-	-
Endowment contributions (net)	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>(33)</u>
Balance, end of year	<u>\$ 812</u>	<u>\$ 1,322</u>	<u>\$ 1,252</u>	<u>\$ 770</u>	<u>\$ 5,151</u>	<u>\$ 9,307</u>	<u>\$ 9,417</u>

See accompanying notes to the financial statements

Easter Seals Ontario

(in thousands of dollars)

Statement of Financial Position

As at December 31

2023

2022

Assets

Current

Cash	\$	800	\$	735
Accounts receivable (Note 3)		939		944
Prepaid expenses		<u>171</u>		<u>197</u>
		1,910		1,876
Investments (Note 4)		7,600		7,800
Property and equipment (Note 5)		<u>3,072</u>		<u>3,214</u>
	\$	<u>12,582</u>	\$	<u>12,890</u>

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	\$	1,064	\$	1,103
Deferred revenue		<u>195</u>		<u>151</u>
		1,259		1,254
Deferred lease liability		146		170
Deferred camp and children's services (Note 7)		120		103
Deferred capital contributions (Note 7)		<u>1,750</u>		<u>1,946</u>
		<u>3,275</u>		<u>3,473</u>

Net assets

Restricted for endowment purposes (Note 8)		812		798
Invested in property and equipment		1,322		1,268
Internally restricted for support to children and families		1,252		1,463
Internally restricted for camp support		770		1,003
Unrestricted		<u>5,151</u>		<u>4,885</u>
		<u>9,307</u>		<u>9,417</u>
	\$	<u>12,582</u>	\$	<u>12,890</u>

Commitments (Note 11)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

Easter Seals Ontario

(in thousands of dollars)

Statement of Cash Flows

Year ended December 31

2023

2022

Increase (decrease) in cash

Operating

(Deficiency) excess of revenue over expenditures	\$	(124)	\$	878
Items not affecting cash				
Amortization of property and equipment		401		309
Amortization of deferred capital contributions		(222)		(128)
Amortization of deferred lease liability		(24)		(25)
Deferred revenue recognized		(41)		-
		<u>(10)</u>		<u>1,034</u>

Net change in non-cash working capital items

Accounts receivable		5		(600)
Prepaid expenses		26		(67)
Accounts payable and accrued liabilities		(39)		394
Deferred revenue		44		124
		<u>36</u>		<u>(149)</u>
		<u>26</u>		<u>885</u>

Investing

Purchase (disposal) of investments (net)		200		(900)
Restricted contributions and bequests (Note 7)		84		35
Endowment contributions (net)		14		(33)
Purchase of property and equipment		(259)		(40)
		<u>39</u>		<u>(938)</u>

Increase (decrease) in cash

65 (53)

Cash

Beginning of year		<u>735</u>		<u>788</u>
End of year	\$	<u>800</u>	\$	<u>735</u>

See accompanying notes to the financial statements

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

December 31, 2023

1. Description of the Organization

Easter Seals Ontario (the "Organization") provides programs and services to children and youth with physical disabilities across Ontario to help them achieve greater independence, accessibility and integration. The Organization was founded in 1922 and incorporated in Ontario 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).

Revenue recognition

The Organization follows the deferral method for accounting for contributions.

Contributions include revenue from fundraising initiatives and events, direct mail, bequests, camp and other program contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable when the amount is measurable and reasonable certainty of collection exists.

Revenue from restricted contributions is deferred and recognized as revenue in the year which the related expenditure is incurred.

Contributions received specifically for the purchase of property and equipment are deferred and amortized to revenue on the same basis as the amortization of the related property and equipment.

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

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.

In-kind contributions of goods or assets are recorded as revenue at fair market value on the date of receipt when fair value can be reasonably estimated.

Investment income and other revenue is recognized as earned.

Government grants are recognized in the statement of operations when received or receivable in the year to which the corresponding eligible costs have been incurred.

Allocation of expenditures

The Organization 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 its general support costs based on the workload of full-time equivalents working in each function. The basis for allocation is reviewed regularly by management.

Fundraising costs for the direct mail and programs and events are allocated to public education and awareness programs 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.

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Contributed services

Contributed services of volunteers are not recognized in the financial statements due to the difficulty in determining their fair value.

Net assets

Funds restricted for endowment purposes include contributions received by the Organization which are externally restricted, where the principal cannot be spent together with any designated unspent interest.

Internally restricted funds for support to children and families has been restricted by the Board for the purpose of providing essential mobility equipment and communication devices.

Internally restricted for camp support has been restricted by the Board for future capital projects, expansion of the camp facilities and camp operations.

The funds invested in property and equipment relate to the Organization's investment in property and equipment net of deferred capital contributions and are classified as internally restricted funds.

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, investments, accounts receivable and accounts payable are initially recorded at their fair value with related party transactions recorded at cost. The Organization subsequently measures all of its financial assets and liabilities, aside from its investments at amortized cost. With respect to financial assets measured at amortized cost, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

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.

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 improvements	straight-line over the term of the lease

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Property and equipment (continued)

Property and equipment are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

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 liability 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 program expenditures. Actual results could differ from those estimates.

3. Accounts receivable and related party transactions

Included in accounts receivable are amounts of \$533 (2022 - \$527) received by Easter Seals Canada which were specifically designated to Easter Seals Ontario.

Included in expenses during the fiscal year are \$307 (2022 - \$289) paid to Easter Seals Canada for administrative and licencing fees.

4. Investments

Investments are comprised of Guaranteed Investment Certificates (GIC's) bearing interest of 5.49% to 5.83% (2022 - 0.50% to 4.86%) and have various maturity dates between January 2024 and March 2024 (2022 - January 2023 and September 2023). \$812 (2022 - \$798) of investments are externally restricted representing endowments and trusts received, whereby the principal amount cannot be utilized by the Organization other than for investment income purposes.

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

December 31, 2023

5. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Total</u>	<u>2022 Total</u>
Camp land	\$ 42	\$ -	\$ 42	\$ 42
Camp buildings	14,528	11,702	2,826	2,920
Camp and office equipment	2,064	1,983	81	102
Program vehicles	398	398	-	-
Computer equipment and technology	475	475	-	-
Leasehold improvements	699	576	123	150
	<u>\$ 18,206</u>	<u>\$ 15,134</u>	<u>\$ 3,072</u>	<u>\$ 3,214</u>

Amortization of property and equipment of \$401 (2022 - \$309) 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. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$Nil (2022 - \$Nil) with respect to amounts owing to the Government.

7. Deferred contributions

Deferred camp and children's services contributions represent the unspent amounts of contributions and bequests whose use has been externally restricted for camp and children's services.

Deferred capital contributions represents externally restricted donations received for the purpose of purchasing property and equipment. The restricted contribution is recognized as revenue on the same basis as the amortization of the property and equipment purchased.

	<u>Camp and Children's Services</u>	<u>Capital Contributions</u>	<u>Total 2023</u>	<u>Total 2022</u>
Balance, beginning of year	\$ 103	\$ 1,946	\$ 2,049	\$ 2,142
Donations received	84	-	84	35
Transfer of funds	(26)	26	-	-
Revenue recognized/amortization	<u>(41)</u>	<u>(222)</u>	<u>(263)</u>	<u>(128)</u>
Balance, end of year	<u>\$ 120</u>	<u>\$ 1,750</u>	<u>\$ 1,870</u>	<u>\$ 2,049</u>

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

December 31, 2023

8. Endowment fund

	<u>2023</u>	<u>2022</u>
Cumulative endowed contributions	\$ 798	\$ 762
Cumulative investment income available for expenditure	<u>14</u>	<u>36</u>
	<u>\$ 812</u>	<u>\$ 798</u>

Included in the endowment fund is both amounts externally designated by donors to be maintained in perpetuity, as well as unspent investment income available for various purposes

9. Allocation of expenditures

Fundraising expenditures

Fundraising expenditures reported in the statement of operations of \$3,693 (2022 - \$3,031) are reported after allocation of \$346 (2022 - \$693) 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 \$1,027 (2022 - \$869) has been allocated as follows:

	<u>2023</u>	<u>2022</u>
Support to children and families	\$ 433	\$ 329
Camping	353	257
Public education and awareness programs	129	105
Fundraising	<u>112</u>	<u>178</u>
	<u>\$ 1,027</u>	<u>\$ 869</u>

10. 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, 2023, the total cost to support and administer the program for 8,468 (2022 - 7,640) clients was \$4,721 (2022 - \$4,099).

For the province's fiscal year ended March 31, 2023, 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 1,579 (2022 - 1,558) families was \$469 (2022 - \$427) for the province's year ended March 31, 2023.

Easter Seals Ontario

(in thousands of dollars)

Notes to Financial Statements

December 31, 2023

10. Incontinence Supplies Grant Program (continued)

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.

11. 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:

2024	\$	129
2025		120
2026		101
2027		92
2028		<u>23</u>
	\$	<u>465</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, 2023, the value of approved and outstanding commitments for requests for financial assistance amounted to approximately \$643 (2022 - \$587).

12. 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. As at year end, the facility was not drawn upon.

13. 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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its accounts receivable. There was no significant change in exposure from the prior year. The allowance for doubtful accounts at December 31, 2023 is \$22 (2022 - \$22).

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

December 31, 2023

13. Risk management (continued)

Market risk

Investments are subject to market risk, which includes price risk. 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.

Interest rate risk

The GICs bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.