



Financial Statements

Easter Seals Alberta Society

October 31, 2021

Easter Seals Alberta Society

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Independent Auditor's Report

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To the Members of
Easter Seals Alberta Society

Opinion

We have audited the financial statements of Easter Seals Alberta Society (the "Society"), which comprise the statement of financial position as at October 31, 2021, 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 the Society as at October 31, 2021, 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 ("ASNPO").

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 Society 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.

Other Matter

The financial statements of the Society for the year ended October 31, 2020 were audited by another firm of chartered professional accountants who expressed a modified opinion on those financial statements on February 4, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Independent Auditor's Report (continued)

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 Society'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 Society'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 Society 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.

Calgary, Canada
January 20, 2022

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

Chartered Professional Accountants

Easter Seals Alberta Society

Statement of Operations

Year ended October 31	2021	2020
Revenue		
Fundraising campaigns and events	\$ 1,138,081	\$ 995,469
Residential home	912,241	886,236
Government subsidies pertaining to COVID-19 (Note 18)	609,440	465,564
Amortization of deferred capital contributions (Note 8)	380,979	417,385
Equipment support services	297,644	252,008
Recreation camp	60,457	128,833
Estates / bequests (Note 10)	26,392	61,484
Investment income	15,322	12,591
Other revenue and contributions	606	7,284
	<u>3,441,162</u>	<u>3,226,854</u>
Expenses		
Residential home	806,950	813,202
Equipment support services	419,477	474,442
Amortization	404,626	440,719
Recreation camp	372,058	616,023
General administration	351,970	429,939
Fundraising campaigns and events	222,146	275,112
Contributions to charitable organizations	83,381	89,569
Outreach program	47,879	-
Virtual program	17,848	-
Public education	15,891	6,563
	<u>2,742,226</u>	<u>3,145,569</u>
Excess of revenue over expenses from operations	<u>698,936</u>	<u>81,285</u>
Other income		
Business interruption claim	242,632	-
Unrealized gain on investments	82,292	35,755
	<u>324,924</u>	<u>35,755</u>
Excess of revenue over expenses	<u>\$ 1,023,860</u>	<u>\$ 117,040</u>

Easter Seals Alberta Society

Statement of Changes In Net Assets

	Stabilization reserve	Investment in property and equipment	Estates/ bequests contributions	Endowment	Unrestricted	2021	2020
Net assets, beginning of year	\$ 283,432	\$ 195,711	\$ 61,484	\$ 105,000	\$ 79,525	\$ 725,152	\$ 608,112
Excess of revenue over expenses	-	(23,647)	-	-	1,047,507	1,023,860	117,040
Transfers (Notes 9 & 10)	306,568	-	26,392	-	(332,960)	-	-
Property and equipment purchased with unrestricted funds	-	27,970	-	-	(27,970)	-	-
Net assets, ending of year	<u>\$ 590,000</u>	<u>\$ 200,034</u>	<u>\$ 87,876</u>	<u>\$ 105,000</u>	<u>\$ 766,102</u>	<u>\$ 1,749,012</u>	<u>\$ 725,152</u>

See accompanying notes to the financial statements.

Easter Seals Alberta Society

Statement of Financial Position

Year ended October 31

2021

2020

Assets

Current

Cash (Note 3)	\$ 1,904,348	\$ 835,243
Restricted cash (Note 3)	136,359	166,170
Short term investment (Note 4)	1,128,393	1,034,288
Prepaid expenses	108,852	39,403
Accounts receivable (Note 18)	<u>37,708</u>	<u>268,530</u>
	3,315,660	2,343,634
Property and equipment (Note 5)	6,584,921	6,751,355
Long term investments (Note 6)	<u>32,164</u>	<u>31,959</u>
	<u>\$ 9,932,745</u>	<u>\$ 9,126,948</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 413,043	\$ 271,050
Deferred provincial contributions (Note 7)	106,606	67,386
Externally restricted contributions (Schedule 1)	<u>1,279,196</u>	<u>1,507,716</u>
	1,798,845	1,846,152
Deferred capital contributions (Note 8)	<u>6,384,888</u>	<u>6,555,644</u>
	<u>8,183,733</u>	<u>8,401,796</u>

Net assets

Stabilization reserve (Note 9)	590,000	283,432
Investment in property and equipment	200,034	195,711
Estates / bequests contributions internally restricted (Note 10)	87,876	61,484
Endowment (Note 11)	105,000	105,000
Unrestricted	<u>766,102</u>	<u>79,525</u>
	<u>1,749,012</u>	<u>725,152</u>
	<u>\$ 9,932,745</u>	<u>\$ 9,126,948</u>

Commitments (Notes 5 & 16)
Impact of COVID-19 (Note 18)

On behalf of the board

DocuSigned by:
Don McPhee
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Director

DocuSigned by:
Adrian Kelly
92D6D815B0744C6...

Director

Easter Seals Alberta Society

Statement of Cash Flows

Year ended October 31	2021	2020
Operating		
Excess of revenue over expenses	\$ 1,023,860	\$ 117,040
Adjustments for		
Amortization of deferred capital contributions	(380,979)	(417,385)
Unrealized gain on investments	(82,292)	(35,755)
Amortization	<u>404,626</u>	<u>440,719</u>
	965,215	104,619
Change in non-cash working capital items		
Accounts receivable	230,822	(32,944)
Prepaid expenses	(69,449)	9,901
Accounts payable and accrued liabilities	141,993	23,386
Deferred provincial contributions	39,220	58,844
Externally restricted contributions	<u>(228,520)</u>	<u>516,259</u>
	<u>1,079,281</u>	<u>680,065</u>
Investing		
Purchase of investments, net of proceeds	(12,018)	(4,071)
Purchase of property and equipment	(238,192)	-
Proceeds on disposal of property and equipment	<u>-</u>	<u>635</u>
	<u>(250,210)</u>	<u>(3,436)</u>
Financing		
Deferred capital contributions	<u>210,223</u>	<u>-</u>
Increase in cash	1,039,294	676,629
Cash, beginning of year	<u>1,001,413</u>	<u>324,784</u>
Cash, end of year	<u>\$ 2,040,707</u>	<u>\$ 1,001,413</u>
Cash is comprised of:		
Cash	\$ 1,904,348	\$ 835,243
Restricted cash	<u>136,359</u>	<u>166,170</u>
	<u>\$ 2,040,707</u>	<u>\$ 1,001,413</u>

Easter Seals Alberta Society

Notes to the Financial Statements

Year ended October 31, 2021

1. Purpose of the Society

Easter Seals Alberta Society (the "Society") is a not-for-profit organization incorporated under the Societies Act of Alberta. As a registered charity, the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

In addition to the programs included in these financial statements - Recreation camp, Residential home, Equipment and support services - the Society provides various additional services. These services include the consultation, education and the promotion of social policy which assists disabled Albertans within the community at large.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit less cheques issued and outstanding, cash held within investment portfolios, short-term deposits with original maturities of three months or less and net draws on the operating line of credit, as applicable.

Investments

Equity investments that are quoted in an active market are carried at fair value. Other investments are carried at amortized cost. See financial instruments policy for further details.

Estates / bequests investments, which consist of federal, provincial and corporate bonds are recorded at amortized cost.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method.

The Society's financial instruments recorded at amortized cost include cash, restricted cash, accounts receivable, investments other than equity investments, accounts payable and accrued liabilities and all deferred contributions (provincial, capital and externally restricted).

With respect to financial assets measured at cost or amortized cost, the Society recognizes in excess of revenue over expenses an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the previously recognized impairment loss.

Easter Seals Alberta Society

Notes to the Financial Statements

Year ended October 31, 2021

2. Significant accounting policies (continued)

Property and equipment

Property and equipment having an individual value of \$1,000 or more and a useful life beyond one year is capitalized. Purchased property and equipment is recorded at cost. The cost for contributed property and equipment is considered to be fair value at the date of contribution. When fair market value cannot be reasonably determined, the contributed property and equipment is recorded at a nominal value. The cost of property and equipment made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components. Subsequent to acquisition, property and equipment is carried at cost, as previously defined, less accumulated amortization and any provision for impairment.

Property and equipment is amortized over its estimated useful life using the either the declining balance or straight-line method at the following annual rates:

Buildings	Declining balance	5%
Leasehold improvements	Straight-line	5 years
Equipment	Declining balance	20%
Land improvements	Declining balance	8%
Furniture and fixtures	Declining balance	20%
Automotive equipment	Declining balance	30%
Computer software	Declining balance	50%
Water treatment	Declining balance	10%

A full year of amortization is provided on property and equipment in the year in which it is purchased or when the project in process has been completed and the asset is available for use.

Impairment of long-lived assets

The Society tests long-lived assets for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected, or its carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Contributions restricted for purposes other than the acquisition of property and equipment are deferred and recognized as revenue in the year in which the related expenses are incurred.

Contributions related to the acquisition of property and equipment having limited lives are recorded as deferred capital contributions in the period in which they are utilized and are amortized to revenue over the useful life of the related assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets.

Other restricted contributions are recognized based on the nature of the related restriction.

Easter Seals Alberta Society

Notes to the Financial Statements

Year ended October 31, 2021

2. Significant accounting policies (continued)

Revenue recognition (continued)

Unrestricted contributions, including pledges, estates and bequests are recognized as revenue when received or receivable if the amount can be estimated and collection is reasonably assured.

Externally restricted endowment contributions are recognized as direct increases in net assets in the period received or receivable.

Rental revenue, investment income and other revenue are recognized when earned and collection is reasonable assured.

The Society recognized revenue from unrestricted grants when received, or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and a commitment letter has been received.

Contributed goods and services

Contributed goods consist of gifts in kind and are recorded at fair market value at the time of donation when the amount can be reasonably estimated and the goods are used in the normal course of operations would otherwise have been purchased. During the year, \$21,162 in goods were donated (2020 - \$102,164) and are included in fundraising campaigns and events.

Contributed services include volunteer hours fulfilling the Society's mission. The value of these contributed services is not reflected in the financial statements since objective measurement and/or valuation is indeterminable.

Allocated expenses

The Society allocates the salaries of certain administrative managers to a number of functions within the organization based on percentages set by management.

Leases

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Society are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is amortized on the same basis as described above. Payments under operating leases are expensed as incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Such estimates include providing the recoverability of accounts receivable, useful lives and potential impairment of property and equipment, accrued liabilities and the likelihood of settlement of any contingent liabilities.

Easter Seals Alberta Society

Notes to the Financial Statements

Year ended October 31, 2021

3. Cash and Restricted cash

	<u>2021</u>	<u>2020</u>
Restricted cash is comprised of:		
Casino	\$ 136,359	\$ 166,170

Cash held in the casino account is restricted, as per the restriction set forth by the Alberta Gaming and Liquor Commission.

The general operating account held with CIBC has an authorized overdraft limit of \$400,000. As at October 31, 2021 and 2020, this overdraft had not been drawn upon.

4. Short term investment

	<u>2021</u>	<u>2020</u>
Mutual funds	\$ 1,128,393	\$ 1,034,288

5. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Camp Horizon	\$ 11,366,200	\$ 5,564,164	\$ 5,802,036	\$ 6,141,757
Residential home	1,013,585	693,125	320,460	291,517
Equipment support services	163,387	156,307	7,080	9,089
Projects in progress	455,345	-	455,345	308,992
	<u>\$ 12,998,517</u>	<u>\$ 6,413,596</u>	<u>\$ 6,584,921</u>	<u>\$ 6,751,355</u>

Projects in progress relate to camp development for a water treatment facility and the construction of a splash park.

Camp Horizon property and equipment includes building, projects in progress, land improvements, furniture, equipment, automotive equipment, and computer software. Residential home property and equipment includes building, land improvements, furniture and equipment. Equipment support services includes furniture, equipment and computer software. The breakdown of property and equipment into these categories is as follows:

Easter Seals Alberta Society

Notes to the Financial Statements

Year ended October 31, 2021

5. Property and equipment (continued)

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Buildings	\$ 9,379,603	\$ 3,785,931	\$ 5,593,672	\$ 5,882,890
Leasehold improvements	1,169,855	997,155	172,700	215,874
Projects in progress	455,345	-	455,345	308,992
Equipment	1,004,637	892,310	112,327	140,409
Land improvements	330,483	169,910	160,573	124,311
Furniture and fixtures	346,506	316,754	29,752	37,192
Automotive equipment	188,363	164,141	24,222	34,596
Computer software	87,299	83,753	3,546	7,091
Water treatment	36,426	3,642	32,784	-
	\$ 12,998,517	\$ 6,413,596	\$ 6,584,921	\$ 6,751,355

The Society has commitments totaling \$290,209 in relation to the development of the splash park of which \$152,215 has been incurred up to and including October 31, 2021 and is recorded in projects in progress. The project is expected to be completed in fiscal 2022.

6. Long term investments

	2021	2020
Guaranteed investment certificate, bearing interest at 0.65% per annum maturing on December 29, 2022	\$ 31,803	\$ 31,598
Shares - Sherritt Gordon	358	358
Interest - Land & mineral rights	3	3
	\$ 32,164	\$ 31,959

The Guaranteed Investment Certificate is externally restricted and held to support the Standby Letter of Credit for the Camp Horizon land lease (Note 16).

Funds received by planned gifts or bequest are invested with the assistance of professional investment counsellors in accordance with investment policies ratified by the Board of Directors.

Easter Seals Alberta Society

Notes to the Financial Statements

Year ended October 31, 2021

7. Deferred provincial contributions

Deferred provincial contributions consist of the following:

	2021	2020
Balance, beginning of year	\$ 67,386	\$ 30,871
Receipts	1,759,254	1,109,082
Disbursements	(1,720,034)	(1,072,567)
	\$ 106,606	\$ 67,386

Deferred provincial contributions are restricted to support the Equipment and Support Services program, and the McQueen Group Home program. At the end of the year, \$25,176 (2020 - \$42,787) was restricted for Equipment and Support Services contracts and \$81,430 (2020 - \$24,599) for the McQueen Group Home Program.

8. Deferred capital contributions

Deferred capital contributions include the unamortized portions of the contributed property and equipment and restricted contributions used to purchase property and equipment.

	2021	2020
Balance, beginning of year	\$ 6,555,644	\$ 6,973,029
Contributed assets, net of disposals	210,223	-
Amounts amortized to revenue	(380,979)	(417,385)
Balance, end of year	\$ 6,384,888	\$ 6,555,644

9. Stabilization reserve fund

The stabilization reserve fund was established in 2009 to maintain financial reserves of at least one year of annual operating expense. An amount of \$590,000 (2020 - \$590,000) was determined to represent a normalized figure of the average direct costs of the Society over the past five years.

During the year ended October 31, 2019, the Society resolved to transfer \$306,568 from the Stabilization reserve fund to offset the deficit incurred, resulting in a balance of \$283,432. During the current fiscal year, the Society resolved to transfer \$306,568 back from unrestricted net assets to the Stabilization reserve fund to return the fund to the predetermined amount.

10. Estates / bequests contributions

Estates / bequests contributions consist of funds provided to the Society by unrestricted estate bequests. Proceeds from estates are deemed internally restricted and are recorded as income when received. Income earned by the estate / bequests investments is taken into income of the Society.

The approval of a majority of Board of Directors is required to permit any encroachment on the

Easter Seals Alberta Society

Notes to the Financial Statements

Year ended October 31, 2021

10. Estates / bequests contributions (continued)

capital portion of the fund.

Estates / bequests contributions in the amount of \$26,392 (2020 - \$61,469) were received during the year and transferred to the Estates / bequests contributions internally restricted fund in accordance with the Society's bequest and planned contribution policy.

11. Endowment

	<u>2021</u>	<u>2020</u>
Senator Patrick Burns Foundation	\$ 100,000	\$ 100,000
Anonymous	<u>5,000</u>	<u>5,000</u>
	<u>\$ 105,000</u>	<u>\$ 105,000</u>

The terms of the contribution from the Senator Patrick Burns Foundation allow the Society to administer interest free loans to residents of Calgary under the age of 21 years.

The terms of the contribution from the anonymous donor allow the Society to use interest earned on the funds to provide subsidized camper fees.

The Fund principal is to remain intact at its original contribution to the Society.

12. Government grant/contract funding

The Society applies for, and receives, grant/contract funding from government departments and agencies to defray some of the salary and operating expenses of its programs. The following amounts are included in revenue on the statement of operations:

	<u>2021</u>	<u>2020</u>
Residential home	\$ 815,952	\$ 788,372
Equipment support services	297,643	252,008
Overnight camp grants	49,917	-
Employment grants	<u>9,321</u>	<u>-</u>
	<u>\$ 1,172,833</u>	<u>\$ 1,040,380</u>

In addition, during fiscal 2020, the Government of Canada passed legislation offering certain subsidies to organizations to assist in the impact of COVID-19. See Note 18 for details of the funding received by the Society under these programs.

Easter Seals Alberta Society

Notes to the Financial Statements

Year ended October 31, 2021

13. Related party transactions

Included in fundraising campaigns and events expense during the year is \$83,381 (2020 - \$89,569) paid to Easter Seals Canada for administrative and licensing fees. Of this amount, \$11,413 (2020 - \$41,703) is included in accounts payable and accrued liabilities at year end. The Society is a licensed member of Easter Seals Canada. As a part of the license agreement, the Society pays a fee to use the branding and a shared cost amount for national fundraising events.

Revenue received from Easter Seals Canada is \$45,648 (2020 - \$Nil)

Included in general administration expense during the year is \$Nil (2020 - \$25,420) paid to a member of the board for consulting work completed with respect to strategy and governance.

These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. Charitable Fundraising Act (Alberta)

In accordance with the requirements of Section 7(2) of the Regulations of the Charitable Fundraising Act (Alberta), the Society provides the following supplementary information:

Gross contributions received during the year from fundraising campaigns and events aggregated \$1,042,307 (2020 - \$883,007).

Dispositions of contributions that were equal to or exceeds 10% of the gross contributions received were \$Nil (2020 - \$Nil).

Expenses incurred for the purposes of soliciting contributions totaled \$222,146 (2020 - \$275,112).

Remuneration paid to employees whose principal duties involve fundraising aggregated \$112,307 (2020 - \$205,569).

Gross contributions received were utilized as follows:

	<u>2021</u>	<u>2020</u>
Fundraising campaigns and events	\$ 417,024	\$ 279,223
Recreation camp	250,475	445,855
Equipment support services	310,174	151,524
Residential home	3,219	1,902
General administration	300	4,503
Outreach program	46,963	-
Virtual program	14,152	-
	<u>\$ 1,042,307</u>	<u>\$ 883,007</u>

Easter Seals Alberta Society

Notes to the Financial Statements

Year ended October 31, 2021

15. Allocated expenses

The salaries of certain administrative managers are allocated as follows:

		<u>2021</u>		<u>2020</u>
General administration	36%	\$ 110,601	34%	\$ 182,813
Fundraising campaigns	19%	56,942	27%	144,185
Recreation camp	13%	37,938	16%	88,070
Equipment support services	16%	46,916	16%	85,852
Residential home	12%	34,925	7%	40,925
Public education	3%	10,526		-
Virtual	1%	3,684		-
		<u>\$ 301,532</u>		<u>\$ 541,845</u>

16. Commitments

The McQueen Road Residential Home is situated on land leased from the City of Edmonton for a 10 year term, expiring August 31, 2029. The lease payment on this property is \$2,600 per year.

Camp Horizon is situated on land leased from the Government of Alberta. The lease payment on this property is \$24.42 per year in perpetuity. The Standby Letter of Credit is supported by a Guaranteed Investment Certificate with a cost of \$30,000 (Note 6).

The Society's total obligations under the operating leases of office premise as well as office equipment for the next five years and thereafter, exclusive of operating costs and taxes are as follows.

2022	\$ 92,163
2023	87,713
2024	61,213
2025	<u>16,495</u>
	<u>\$ 257,584</u>

17. Financial instruments

The Society is exposed to various risks through its financial statements. The following analysis provides information about the Society's risk exposure and concentration as of October 31, 2021. Unless otherwise noted, the Society's risk exposure has not changed from the prior year.

Easter Seals Alberta Society

Notes to the Financial Statements

Year ended October 31, 2021

17. Financial instruments (continued)

(a) Credit risk

Financial instruments that potentially subject the Society to concentrations of credit risk consist primarily of cash, restricted cash, investments and accounts receivable.

With respect to cash, restricted cash and investments, the risk is due to the potential failure of the financial institution where the funds have been deposited or invested. The Society mitigates its exposure to credit loss by placing its cash, restricted cash and investments with reputable financial institutions.

With respect to accounts receivable, in the normal course of business, the Society evaluates the financial condition of its donors on a continuing basis and reviews the credit worthiness of all new donors. Management assesses the need for allowances for potential credit losses by considering the credit risk of specific donors, historical trends, and other information.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market process. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Society is mainly exposed to other price and interest risk through its investments.

(i) Interest rate risk

Interest rate risk refers to adverse consequences of interest rate changes on the Society's cash flows, financial position, and interest expense. Certain of the Society's investments are exposed to interest rate changes. The impact of adverse changes in interest rates is not considered material.

(ii) Other price risk - market value risk

Market value risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its investments.

(c) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Society manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

Easter Seals Alberta Society

Notes to the Financial Statements

Year ended October 31, 2021

18. Impact of COVID-18

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

As a result of the outbreak of COVID-19, the Society implemented public health official recommendations that included physical distancing and work from home directives. This prohibited certain fundraising campaigns, including the annual Easter Seals golf tournament and the We Care ball. Program delivery was also impacted by these directives with the temporary closure of Camp Horizon. The financial uncertainty created by the pandemic has negatively impacted fundraising and as a result, the Society has placed greater restrictions on discretionary spending.

Under the various Federal government programs offered to organizations to help minimize the impact of COVID-19, the Society qualified for and received Federal wage subsidies aggregating \$529,209 (2020 - \$465,564), the Federal rent subsidy aggregating \$80,231 (2020 - \$Nil) and COVID-19 response funding aggregating \$Nil (2020 - \$75,000) of which \$27,272 (2020 - \$75,000) remains in externally restricted contributions in the Statement of Financial Position at year end. As at October 31, 2021, the amounts included in accounts receivable pertaining to these programs aggregated \$Nil (2020 - \$93,812).

The situation with respect to COVID-19 and its implications are dynamic and the ultimate duration and magnitude of impact on the economy and effect on the financial position and results of the Society for future periods is not known at this time.

19. Pension plan

The Society had a defined contribution pension plan that was wholly funded by contributions from the employer and employees. The pension costs related to current services were charged to operations on a current basis and were calculated as a percentage of the employees' earnings. The employer contributions that were expensed during the year aggregated \$19,084 (2020 - \$30,651). Given there was only one person left in the plan, on August 31, 2021, the Society concluded the plan and transferred the entire plan balance aggregating \$706,734 to a Registered Retirement Savings Plan. The fair market value of the fund as at October 31, 2020 was \$872,470.

20. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Easter Seals Alberta Society

Externally restricted contributions

October 31, 2021

	ESS North	Outreach program	Camp Horizon	Camp re-development	McQueen group home	ESS South	Casino	Scholarship fund	Virtual program	2021	2020
Opening	\$ 70,809	\$ 75,000	\$ 248,119	\$ 941,070	\$ 49,238	\$ 71,864	\$ 29,287	\$ 22,329	\$ -	\$ 1,507,716	\$ 975,457
Receipts	30,564	-	28,005	20,000	7,500	225,265	174,042	25,000	22,970	533,346	821,902
Disbursements	(69,278)	(47,728)	(62,116)	(211,165)	(52,646)	(226,246)	(68,035)	(10,500)	(14,152)	(761,866)	(289,643)
	<u>\$ 32,095</u>	<u>\$ 27,272</u>	<u>\$ 214,008</u>	<u>\$ 749,905</u>	<u>\$ 4,092</u>	<u>\$ 70,883</u>	<u>\$ 135,294</u>	<u>\$ 36,829</u>	<u>\$ 8,818</u>	<u>\$ 1,279,196</u>	<u>\$1,507,716</u>

Externally restricted contributions represent unspent resources externally restricted for a number of purposes.

The Equipment and Support Services ("ESS") (North and South), Camp Horizon, McQueen Group Home and Outreach (COVID-19 Response) contributions were received from individuals, corporations, and charitable organizations for use by the Society to provide services and equipment to clients with specific needs. Contributions received from Camp redevelopment are used to expand and upgrade the facilities at Easter Seals Camp Horizon as part of a five year capital campaign and will be included as deferred capital contributions outlined in Note 8 when utilized in accordance with the agreements. Casino contributions are restricted as per restrictions set forth by the Alberta Gaming and Liquor Commission.

The Society has received an externally restricted contribution of \$125,000 to the Camp redevelopment fund, with the condition that the contribution is to be matched by the Society prior to January 23, 2022. As at October 31, 2021, the Society has received \$\$ (2020 - \$37,500) towards the matching of this contribution. Camp Redevelopment also includes an additional contribution of \$140,000 which must also be matched by the Society, however, there is no specified timeline.