

EASTER SEALS ALBERTA SOCIETY
Financial Statements
Year Ended October 31, 2017

EASTER SEALS ALBERTA SOCIETY
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Year Ended October 31, 2017

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January 16, 2018
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Easter Seals Alberta Society

We have audited the accompanying financial statements of Easter Seals Alberta Society, which comprise the statement of financial position as at October 31, 2017 and the statements of operations, changes in net assets and cash flow 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Easter Seals Alberta Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended October 31, 2017, current assets and net assets as at October 31, 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Easter Seals Alberta Society as at October 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

EASTER SEALS ALBERTA SOCIETY
Statement of Operations
For the Year Ended October 31, 2017

	2017	2016
REVENUE		
Fundraising campaigns and events	\$ 2,199,469	\$ 2,312,934
Recreation camp	955,861	1,070,758
Residential home	847,735	813,718
Amortization of deferred capital contributions (Note 8)	545,995	604,536
Equipment Support Services	299,964	304,795
Investment income	68,130	62,840
Other revenue and contributions	36,823	32,894
Estates/bequests (Note 11)	9,781	-
	4,963,758	5,202,475
EXPENDITURES		
Recreation camp	1,395,218	1,545,283
Equipment Support Services	850,344	878,362
Residential home	782,789	764,829
Fundraising campaigns and events	755,379	740,770
Amortization	558,216	620,978
General administration	513,165	633,082
Contributions to registered charitable organizations	130,281	152,245
Public education	1,025	43,437
	4,986,417	5,378,986
DEFICIENCY OF REVENUE OVER EXPENDITURES FROM OPERATIONS	(22,659)	(176,511)
UNREALIZED (LOSS) GAIN ON INVESTMENTS	(27,451)	14,982
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (50,110)	\$ (161,529)

EASTER SEALS ALBERTA SOCIETY
Statement of Financial Position
October 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash (Note 3)	\$ 366,346	\$ 394,525
Short term investments (Note 4)	1,766,100	1,876,023
Accounts receivable	202,351	322,270
Prepaid expenses	99,295	97,144
	2,434,092	2,689,962
PROPERTY AND EQUIPMENT (Note 5)	7,945,139	8,239,628
ESTATES/BEQUESTS INVESTMENTS (Note 6)	361	361
	\$ 10,379,592	\$ 10,929,951
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 259,448	\$ 284,370
Source deductions payable	21,928	22,728
Deferred provincial contributions (Note 7)	31,532	36,677
Current portion of deferred capital contributions (Note 8)	545,995	604,536
	858,903	948,311
EXTERNALLY RESTRICTED CONTRIBUTIONS (Schedule 1)	885,402	1,072,527
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	7,184,415	7,408,131
	8,928,720	9,428,969
COMMITMENTS (Note 9)		
NET ASSETS		
Stabilization reserve (Note 10)	590,000	590,000
Investment in property and equipment	214,729	226,961
Estates/ bequests contributions internally restricted (Note 11)	541,143	579,021
Endowment funds (Note 12)	105,000	105,000
	1,450,872	1,500,982
	\$ 10,379,592	\$ 10,929,951

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

EASTER SEALS ALBERTA SOCIETY
Statement of Changes in Net Assets
Year Ended October 31, 2017

	Stabilization reserve fund	Investment in property and equipment fund	Estates/ bequests contributions internally restricted fund	Endowment fund	Unrestricted net assets	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 590,000	\$ 226,961	\$ 579,021	\$ 105,000	\$ -	\$ 1,500,982	\$ 1,662,511
Deficiency of revenue over expenditures	-	(12,221)	-	-	(37,889)	(50,110)	(161,529)
Transfers (<i>Note 11</i>)	-	-	(37,878)	-	37,878	-	-
Investment in property and equipment	-	(11)	-	-	11	-	-
NET ASSETS - END OF YEAR	\$ 590,000	\$ 214,729	\$ 541,143	\$ 105,000	\$ -	\$ 1,450,872	\$ 1,500,982

See notes to financial statements
Easter Seals Alberta Society

EASTER SEALS ALBERTA SOCIETY
Statement of Cash Flow
Year Ended October 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Cash receipts from donors, clients and government	\$ 4,609,152	\$ 4,642,463
Cash paid to suppliers	(2,371,727)	(2,450,398)
Cash paid to employees	(2,084,987)	(2,238,830)
	152,438	(46,765)
INVESTING ACTIVITIES		
Purchase of property and equipment	(264,903)	(892,150)
Proceeds on disposal of property and equipment	1,815	1,645
Purchase of short term investments	(68,765)	(666,123)
Proceeds on redemption of short term investments	151,236	1,270,564
	(180,617)	(286,064)
DECREASE IN CASH FLOW	(28,179)	(332,829)
CASH - BEGINNING OF YEAR	394,525	727,354
CASH - END OF YEAR	\$ 366,346	\$ 394,525

EASTER SEALS ALBERTA SOCIETY
Notes to Financial Statements
Year Ended October 31, 2017

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 consultation, education and the promotion of social policy which assists disabled Albertans within the community at large.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit plus cash held within investment portfolios, less cheques issued and outstanding and net of draws on the operating line of credit.

Included in cash and cash equivalents are amounts restricted by the Alberta Gaming and Liquor Commission.

Short Term Investments

Equity investments are carried at fair value. Unrealized gains or losses and investment income are recognized as income in the year received. Other investments are carried at amortized cost.

Estates/Bequests Investments

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

Interest income is recognized when earned. Realized gains and losses are recognized when the investment is sold.

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EASTER SEALS ALBERTA SOCIETY
Notes to Financial Statements
Year Ended October 31, 2017

2. SUMMARY OF 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. Contributed property and equipment is recorded at fair market value at the date of contribution. When fair market value cannot be reasonably determined, the contributed property and equipment is recorded at nominal value.

Property and equipment is amortized over its estimated useful life using the diminishing balance method at the following annual rates:

Buildings	5%
Leasehold improvements	20%
Equipment	20%
Land improvements	8%
Furniture	20%
Automotive equipment	30%
Computer software	50%

Revenue Recognition

Easter Seals Alberta 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 restricted to the acquisition of property and equipment having limited lives are recorded as deferred capital contributions in the period in which they are received and are amortized to revenue over the useful life of the related assets. Other contributions are recognized based on the nature of the related restriction.

Unrestricted contributions, including pledges, 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 and investment income are recognized when it is earned and collection is reasonably assured.

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

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EASTER SEALS ALBERTA SOCIETY
Notes to Financial Statements
Year Ended October 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Contributed Goods and Services

Contributed goods consist of gifts in kind and are recorded at their fair market value at the time of the donation. During the year \$163,103 in goods were donated (2016 - \$110,142).

Contributed services include volunteer hours in fulfilling the Society's mission. Due to the difficulty in determining the value of contributed services, the Society chooses not to record contributed amounts in the financial statements.

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 for amortization of property and equipment, the recoverability of accounts receivable and amortization of deferred capital contributions.

Financial Instruments

All financial instruments are initially measured at fair value, and, unless otherwise noted, the Society subsequently measures its financial instruments at amortized cost.

Disclosure of 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.

3. CASH

	2017	2016
Cash is comprised of the following:		
Operating account	\$ 219,714	\$ 314,398
Casino account	144,182	78,427
Petty cash	2,450	1,700
	\$ 366,346	\$ 394,525

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

EASTER SEALS ALBERTA SOCIETY
Notes to Financial Statements
Year Ended October 31, 2017

4. SHORT TERM INVESTMENTS

	2017	2016
Short term investments are comprised of:		
Mutual funds	\$ 1,735,303	\$ 1,845,645
Guaranteed Investment Certificate, bearing interest at 1.40% maturing on December 7, 2017.	30,797	30,378
	\$ 1,766,100	\$ 1,876,023

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Camp Horizon	\$ 11,171,987	\$ (3,833,834)	\$ 7,338,153	\$ 7,789,375
Residential home	949,627	(609,714)	339,913	359,626
Equipment Support Services	163,200	(142,792)	20,408	27,240
Projects in progress	246,665	-	246,665	63,387
	\$ 12,531,479	\$ (4,586,340)	\$ 7,945,139	\$ 8,239,628

Projects in progress relate to camp redevelopment for a water treatment facility. Note that projects in progress are not subject to amortization until substantially complete or in use.

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' property and equipment includes furniture, equipment, and computer software. The breakdown of property and equipment into these categories is as follows:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Buildings	\$ 9,335,738	\$ (2,514,078)	\$ 6,821,660	\$ 7,121,633
Leasehold improvements	1,153,424	(748,225)	405,199	506,499
Projects in progress	246,665	-	246,665	63,387
Equipment	957,966	(735,746)	222,220	268,450
Land improvements	280,258	(120,617)	159,641	173,522
Furniture	346,506	(273,860)	72,646	78,746
Automotive equipment	143,251	(131,309)	11,942	17,060
Computer software	67,671	(62,505)	5,166	10,331
	\$ 12,531,479	\$ (4,586,340)	\$ 7,945,139	\$ 8,239,628

EASTER SEALS ALBERTA SOCIETY

Notes to Financial Statements

Year Ended October 31, 2017

6. ESTATES/BEQUESTS INVESTMENTS

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

	2017	2016
Book value	\$ 361	\$ 361
Market value	361	361

7. DEFERRED PROVINCIAL CONTRIBUTIONS

Deferred provincial contributions consist of the following:

	2017	2016
Balance, beginning of year	\$ 36,677	\$ 31,575
Receipts	1,075,013	1,053,337
Disbursements	(1,080,158)	(1,048,235)
	\$ 31,532	\$ 36,677

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2017	2016
Balance, beginning of year	\$ 8,012,667	\$ 7,725,498
Contributed assets net of disposals	263,738	891,705
Amounts amortized to revenue	(545,995)	(604,536)
	7,730,410	8,012,667
Amounts included in current liabilities	(545,995)	(604,536)
	\$ 7,184,415	\$ 7,408,131

EASTER SEALS ALBERTA SOCIETY
Notes to Financial Statements
Year Ended October 31, 2017

9. COMMITMENTS

The McQueen Road Residential Home is situated on land leased from the City of Edmonton for a 10 year term, expiring August 31, 2019. 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.

The Society's total obligations under 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:

2018	\$ 119,063
2019	114,840
2020	60,715
2021	29,798
2022	1,891
Thereafter	25
	<u>\$ 326,332</u>

10. STABILIZATION RESERVE FUND

The Stabilization Reserve Fund was established in 2009 to maintain financial reserves of at least one year of annual operating expenses. An amount of \$590,000 (2016 - \$590,000) was determined to represent a normalized figure of the average direct costs of the Society over the past five years.

11. 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 estates/bequests investments is taken into income of the Society.

The approval of a majority of the Board of Directors is required to permit any encroachment on the capital portion of the fund.

Estates/bequests contributions in the amount of \$9,781 (2016 - \$nil) were received during the year.

EASTER SEALS ALBERTA SOCIETY
Notes to Financial Statements
Year Ended October 31, 2017

12. ENDOWMENT FUNDS

	2017	2016
Senator Patrick Burns Foundation	\$ 100,000	\$ 100,000
Anonymous Endowment	5,000	5,000
	\$ 105,000	\$ 105,000

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.

13. 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:

	2017	2016
Residential home	\$ 752,194	\$ 720,941
Equipment Support Services	299,964	304,795
Employment grants	91,273	102,635
	\$ 1,143,431	\$ 1,128,371

14. RELATED PARTY TRANSACTIONS

Included in fundraising campaigns and events expense during the year are \$109,329 (2016 - \$123,929) paid to Easter Seals Canada for administrative and licensing fees. Easter Seals Alberta is a licensed member of Easter Seals Canada. As a part of the license agreement, Easter Seals Alberta pays a fee to use the branding and a shared cost amount for federal fundraising events. The transactions are recorded at the exchange amount.

EASTER SEALS ALBERTA SOCIETY

Notes to Financial Statements

Year Ended October 31, 2017

15. CHARITABLE FUNDRAISING ACT (ALBERTA)

The following supplementary information is disclosed in compliance with the Charitable Fundraising Act (Alberta) and related Regulations:

	2017	2016
Fundraising campaigns and events	\$ 2,110,701	\$ 2,191,716
Gaming revenues	135,592	164,041
Total amount paid as remuneration to employees of the organization whose principal duties involved fundraising	290,941	305,175

16. PENSION PLAN

	2017	2016
Employer contributions expensed during current year	\$ 43,589	\$ 47,217
Estimated value of plan	1,185,240	1,089,976
Total active members	30	30

Pension costs related to current services are charged to operations on a current basis and are calculated as a percentage of employees' earnings. The pension plan is a defined contribution plan and is funded wholly by contributions from the employer and employees.

17. ALLOCATED EXPENSES

The salaries of certain administrative managers are allocated as follows:

	2017	2016
General administration	60% \$ 256,408	67% \$ 233,540
Equipment Support Services	26% 112,297	22% 77,085
Residential home	8% 34,347	11% 39,600
Fundraising campaigns	6% 24,621	-
	\$ 427,673	\$ 350,225

EASTER SEALS ALBERTA SOCIETY
Notes to Financial Statements
Year Ended October 31, 2017

18. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of October 31, 2017. Unless otherwise noted, the Society's risk exposure has not changed from the prior year.

Credit risk

Financial instruments that potentially subject the Society to concentrations of credit risk consist primarily of 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.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the market interest rates. The Society is exposed to interest rate risk primarily through its investments in bonds.

EASTER SEALS ALBERTA SOCIETY
Schedule of Externally Restricted Contributions
Year Ended October 31, 2017

(Schedule 1)

	Equipment and Support Services North	Camp Horizon	Camp Redevelop- ment	McQueen Group Home	Equipment and Support Service South	Casino	2017	2016
Opening	\$ 13,519	\$ 130,062	\$ 736,718	\$ 93,342	\$ 28,072	\$ 70,814	\$ 1,072,527	\$ 1,860,631
Receipts	84,714	111,028	82,040	216	119,420	224,866	622,284	832,652
Disbursements	(87,388)	(113,898)	(347,083)	(2,003)	(93,314)	(165,723)	(809,409)	(1,620,756)
	\$ 10,845	\$ 127,192	\$ 471,675	\$ 91,555	\$ 54,178	\$ 129,957	\$ 885,402	\$ 1,072,527

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

The Equipment and Support Services (North and South), Camp Horizon, and McQueen Residence 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 for Camp Redevelopment are used to expand and upgrade the facilities at Easter Seals Camp Horizon as part of a five year capital campaign and are included as deferred capital contributions in Note 8.

See notes to financial statements
Easter Seals Alberta Society