Easter Seals Nova Scotia

Consolidated Financial Statements
March 31, 2017

May 10, 2017

Independent Auditor's Report

To the Directors of
Easter Seals Nova Scotia

We have audited the accompanying consolidated financial statements of **Easter Seals Nova Scotia** ("Easter Seals") and its subsidiary, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of changes in net assets, revenue and expenditures and cash flows for the year then ended and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

PricewaterhouseCoopers LLP
Summit Place, 1601 Lower Water Street, Suite 400, Halifax, Nova Scotia, Canada B3J 3P6
T: +1 902 491 7400, F: +1 902 422 1166

Basis for qualified opinion
In common with many charitable organizations, Easter Seals derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Easter Seals. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of expenditures over revenue and cash flows from operations for the year ended March 31, 2017 and March 31, 2016, current assets as at March 31, 2017 and March 31, 2016 and the General Fund balance as at April 1 and March 31 for both March 31, 2017 and March 31, 2016 years. Our audit opinion on the consolidated financial statements for the year ended March 31, 2016 was modified because of the possible effect of this limitation in scope.

Qualified opinion
In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Easter Seals and its subsidiary as at March 31, 2017 and the results of their operations and their cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Easter Seals Nova Scotia

Consolidated Statement of Financial Position

As at March 31, 2017

	General fund $	Reserve fund $	2017 Total $	2016 Total $
Assets				
Current assets				
Cash (notes 7 and 8)	47,773	18,400	66,173	50,024
Accounts receivable	486,710	–	486,710	455,235
Due from the Reserve Fund	3,777	–	3,777	3,987
Inventory	13,625	–	13,625	14,529
Prepaid expenses	45,840	–	45,840	46,294
Marketable securities – Wheelchair Recycling Program, at market (note 9)	419,378	–	419,378	327,405
	1,017,103	18,400	1,035,503	897,474
Portfolio investments – at market value (notes 2(f), 3, 5 and 8)	5,000	216,384	221,384	237,064
Property, plant and equipment (note 4)	1,086	–	1,086	3,678
	1,023,189	234,784	1,257,973	1,138,216
Liabilities and fund balance				
Current liabilities				
Bank indebtedness (note 5)	127,813	–	127,813	194,295
Accounts payables and accrued liabilities	541,835	–	541,835	549,495
Due to the General Fund	–	3,777	3,777	3,987
Deferred revenue (note 6)	131,547	–	131,547	62,261
Wheelchair Recycling Program (note 9)	419,378	–	419,378	327,405
	1,220,573	3,777	1,224,350	1,137,443
Camp Tidnish Fund (note 7)	20,605	–	20,605	21,682
Elizabeth & Forest Fyfe Award Fund (note 8)	5,125	–	5,125	5,120
	1,246,303	3,777	1,250,080	1,164,245
Net Assets				
Investment in property, plant and equipment	66,648	–	66,648	2,758
Unrestricted – General Fund	(289,762)	–	(289,762)	(260,092)
Internally restricted – Reserve Fund	–	231,007	231,007	231,305
	(223,114)	231,007	7,893	(26,029)
	1,023,189	234,784	1,257,973	1,138,216
Commitments (note 12)				

Approved by the Board of Directors

______________________________ Director ______________________________ Director

The accompanying notes are an integral part of these consolidated financial statements.

Easter Seals Nova Scotia

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2017

	Investment in property, plant and equipment $	Unrestricted – General Fund $	Internally restricted – Reserve Fund $	Total $
Net assets – March 31, 2016	2,758	(260,092)	231,305	(26,029)
Excess of revenue over expenditures (expenditures over revenue) and change in fair value of investments for the year	(2,592)	31,271	5,243	33,922
Transfer of Reserve Fund investment income, net of expenses	–	5,541	(5,541)	–
Net change in term debt and bank indebtedness	66,482	(66,482)	–	–
Net assets – March 31, 2017	66,648	(289,762)	231,007	7,893

The accompanying notes are an integral part of these consolidated financial statements.

Easter Seals Nova Scotia

Consolidated Statement of Revenue and Expenditures

For the year ended March 31, 2017

	General Fund $	Reserve Fund $	2017 Total $	2016 Total $
Revenue				
Special events	161,441	–	161,441	188,622
Campaigns	308,215	–	308,215	364,748
Planned Giving	99,937	–	99,937	51,534
Camp Tidnish	176,806	–	176,806	171,034
Take PART	13,190	–	13,190	10,227
New Leaf Enterprises	955,335	–	955,335	920,036
Community Client Services and Polio Support	220	–	220	340
Wheelchair Recycling Program (note 9)	1,690,701	–	1,690,701	1,598,153
Assistive Devices	11,395	–	11,395	10,708
Investment income	–	5,541	5,541	5,386
Other income	6,227	–	6,227	430
	3,423,467	5,541	3,429,008	3,321,218
Expenditures				
Administration	60,092	–	60,092	64,294
Programs				
Assistive Devices	77,849	–	77,849	61,989
Camp Tidnish	290,019	–	290,019	281,864
Community Client Services and Polio Support	15,514	–	15,514	15,611
Wheelchair Recycling Program (note 9)	1,690,701	–	1,690,701	1,598,153
Take PART	36,408	–	36,408	37,962
New Leaf Enterprises	909,715	–	909,715	886,424
Development	264,940	–	264,940	242,011
Fund-raising (Easter Seals, Easter Seals Drop Zone, Kartbahn 250, Easter Seals Gala and Easter Seals Month Events)	48,655	–	48,655	80,026
Other amortization	895	–	895	895
	3,394,788	–	3,394,788	3,269,229
Excess of revenue over expenditures before change in fair value of investments	28,679	5,541	34,220	51,989
Net change in realized and unrealized gain (loss) on investments	–	(298)	(298)	335
Excess of revenue over expenditures and change in fair value of investments for the year	28,679	5,243	33,922	52,324

The accompanying notes are an integral part of these consolidated financial statements.

Easter Seals Nova Scotia

Consolidated Statement of Cash Flows

For the year ended March 31, 2017

	2017 $	2016 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures and change in fair value of investments for the year	33,922	52,324
Charges (credits) to operations not involving cash		
Amortization of property, plant and equipment	2,592	3,918
Change in unrealized loss on investments	298	(335)
	36,812	55,907
Net change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(31,475)	(89,223)
Decrease (increase) in inventory	904	2,011
Decrease (increase) in prepaid expenses	454	(4,931)
Increase (decrease) in accounts payable and accrued liabilities	(7,660)	115,601
Increase (decrease) in deferred revenue	69,286	23,960
	68,321	103,325
Financing activities		
Increase (decrease) in bank indebtedness	(66,482)	17,802
Repayment of term debt	–	(100,000)
	(66,482)	(82,198)
Investing activities		
Decrease (increase) in portfolio investments – net	15,382	(10,000)
Increase in Camp Tidnish Fund	(1,077)	8,590
Decrease (increase) in Elizabeth & Forest Fyfe Award Fund	5	(155)
	14,310	(1,565)
Net change in cash during the year	16,149	19,562
Cash – Beginning of year	50,024	30,462
Cash – End of year	66,173	50,024

The accompanying notes are an integral part of these consolidated financial statements.

1 Nature of operations

Easter Seals Nova Scotia ("Easter Seals") (formerly known as Abilities Foundation of Nova Scotia) is a not-for-profit body incorporated under the Societies Act of Nova Scotia and is exempt from income tax under section 149 (I)(L) of the Income Tax Act. Easter Seals mandate is to advocate for a barrier-free Nova Scotia and provide top-quality programs promoting inclusion, independence and mobility for Nova Scotians with disabilities.

2 Significant accounting policies

a) Basis of presentation

These consolidated financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations ("ASNPO") (Part III of the CPA Handbook) as issued by the Canadian Accounting Standards Board.

b) Revenue recognition

Easter Seals follows the deferral method of accounting for contributions, which include government grants. Contributions and income related to future periods are recorded as deferred revenue and are only recognized as revenue when earned.

Unrestricted contributions are recognized as revenue when received or receivable to the extent that amounts to be received can be reasonably estimated and collection is reasonably assured.

Income from investments includes dividend and interest income. Investment income is recognized as revenue when earned.

c) Consolidation

The consolidated financial statements include the accounts of Easter Seals and its wholly owned subsidiary New Leaf Enterprises.

Inter-company transactions and balances have been eliminated from the consolidated accounts.

d) Donated and volunteer services

Donated services by corporate contributors, where the value of the services can be estimated, are recorded as revenue in the period in which the service is provided.

Due to the difficulty in determining the value of volunteer services, these donated services are not recorded in these consolidated financial statements.

2 Significant accounting policies (continued)

e) Property, plant and equipment

Purchased property, plant and equipment are recorded at cost and contributed property, plant and equipment are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful lives of the assets, after taking into account estimated salvage values, at the following rates:

Equipment and vehicles	5 years
Computers	3 years
Furniture	10 years
Leasehold improvements	9 years

Deferred contributions related to property, plant and equipment are amortized to income on the same basis as the assets to which they are related to are amortized.

f) Reserve Fund

The Board of Directors of Easter Seals has established financial reserves to assist in the long-term funding and stability of the organization and its programs. Earned income from the reserves shall be reinvested to help grow the Reserve Fund of Easter Seals. Approval of the Board of Directors shall be required to authorize any use of the reserve principal portion, after considering the recommendation of the Executive Committee. In 2013, the Board of Directors approved the redemption of $260,000 of investments, with the resulting cash being transferred to the General Fund. For the year ended March 31, 2017, no transfers have been made to the General Fund.

Investment income earned on Reserve Fund investments was transferred to the General Fund. Reserve Fund assets as at March 31, 2017 include cash of $18,400 (2016 - $3,228), accrued interest receivable of $nil (2016 - $nil) and portfolio investments of $216,384 (2016 - $232,064).

g) Management estimates

ASNPO require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from these estimates.

h) Financial instruments

Fair market value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

2 Significant accounting policies (continued)

i) Allocation of expenses

Easter Seals engages in several programs. The cost of each program includes the cost of personnel, premises and other expenses that are directly related to providing the programs. Easter Seals also incurs a number of general support expenses common to the administration of Easter Seals and each of its programs. Easter Seals allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year.

3 Investments

	2017		2016	
	Cost $	Market value $	Cost $	Market value $
Fixed income securities				
General Fund	5,000	5,000	5,000	5,000
Reserve Fund	215,369	216,384	230,750	232,064
	220,369	221,384	235,750	237,064

4 Property, plant and equipment

	2017		
	Cost $	Accumulated amortization $	Net $
Equipment	53,805	53,319	486
Vehicles	100,667	100,067	600
Computers	68,839	68,839	–
Furniture	23,350	23,350	–
Leasehold improvements	62,007	62,007	–
	308,668	307,582	1,086

	2016		
	Cost $	Accumulated amortization $	Net $
Equipment	53,805	52,127	1,678
Vehicles	100,667	98,667	2,000
Computers	68,839	68,839	–
Furniture	23,350	23,350	–
Leasehold improvements	62,007	62,007	–
	308,668	304,990	3,678

5 Bank indebtedness

Easter Seals has provided $175,000 of the portfolio investments and cash of Easter Seals' Reserve Fund as collateral to secure a line of credit which has an authorized credit limit of $225,000, bearing interest at bank prime plus 1%.

6 Deferred revenue

Easter Seals follows the deferral method of revenue recognition. Deferred revenue reported in the General Fund represents restricted operating funding received in the current period that is related to subsequent periods. Changes in the deferred revenue balance are as follows:

	2017 $	2016 $
Balance – Beginning of year	62,261	38,301
Amount recognized as revenue in the year	(62,183)	(38,301)
Amounts received related to subsequent periods	131,469	62,261
Balance – End of year	131,547	62,261

7 Camp Tidnish Fund

Easter Seals and the Amherst Rotary Club signed an agreement on January 12, 2015, whereby each party agreed to make an annual contribution of $5,000 to a Capital Fund (the "Fund"). The Funds are to be used for the annual costs of major maintenance and capital expenditures of Camp Tidnish. The continuity of the Fund is as follows:

	2017 $	2016 $
Balance – Beginning of year	21,682	13,092
Contributions	10,000	10,000
Expenditures	(11,085)	(1,421)
Interest income	8	11
Balance – End of year	20,605	21,682

As a result, $20,605 (2016 - $21,682) of cash in the General Fund is restricted from general use by Easter Seals.

8 Elizabeth & Forest Fyfe Award Fund

During the 1999 fiscal year, Easter Seals received $5,000 to establish the Elizabeth & Forest Fyfe Award Fund. The initial funding was invested with the annual earnings used to provide an annual award, which recognizes the outstanding achievement or potential achievement of a student in Nova Scotia functioning with a physical disability. Award value given during the fiscal year ended March 31, 2017 was $nil (2016 - $250).

	2017 $	2016 $
Fund balance	5,125	5,120

$125 (2016 - $120) of cash and accounts receivable and $5,000 (2016 - $5,000) of portfolio investments in the General Fund are restricted from general use by Easter Seals.

9 Wheelchair Recycling Program

The Nova Scotia Wheelchair Recycling Program (the "Program"), funded by the Department of Community Services and administered by Easter Seals, was initiated after demonstration projects were carried out over five years. The Nova Scotia government approved in 2010 the Program funding on a permanent basis and confirmed Easter Seals as the Program administrator. The Program provides wheelchair purchase cost funding for uninsured Nova Scotia residents living with a disability who are under the age of 65 years. They must hold a valid Nova Scotia Health Insurance Card, be referred to the Program by a Health Care Professional and have family income that is within the Program guidelines. Accounts receivable in the General Fund includes $385,660 (2016 - $287,299) of $419,378 (2016 - $327,405) funding included in deferred revenue.

During the year, the Program earned revenue and incurred expenses of $1,690,701 (2016 - $1,598,153) and received additional funding of $1,700,000 (2016 - $1,550,000) and earned investment income, which was re-invested in the Program, of $3,201 (2016 - $3,392).

10 Capital management

Easter Seals defines capital as its net assets. Currently, Easter Seals has no defined targets for net assets and operates under the culture of a balanced budget, with goals of modest surplus to build capital.

11 Salary and payroll expenses

Salary and payroll expenses of $938,155 (2016 - $923,420) have been allocated as follows:

	2017 $	2016 $
Administration	24,090	23,991
Assistive Devices	5,450	5,349
Camp Tidnish	67,756	65,934
Community Client Services	3,164	3,068
Development	186,182	169,280
New Leaf Enterprises	485,396	483,268
Polio Nova Scotia	5,040	5,040
Take PART	8,533	11,927
Wheelchair Recycling Program	152,544	155,563
	938,155	923,420

12 Commitments

Lease of premises

The minimum annual lease payments for the premises occupied by Easter Seals are $76,200 per year plus common area charges. The lease is for a 5-year period ending on September 30, 2022.

	$
Year ending March 31, 2018	76,200
2019	76,200
2020	76,200
2021	76,200
2022	31,750

Lease of office equipment

The minimum annual lease payment for office equipment in the next five years are:

	$
Year ending March 31, 2018	12,698
2019	12,698
2020	12,698
2021	6,106
2022	3,587

13 Government remittances

Government remittances consist of amounts (such as sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, $24,218 (2016 - $24,463) is included within accounts payable and accrued liabilities.

14 Financial instruments and risk management

Senior management of Easter Seals are responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

i) Fair value of financial instruments

The fair values of accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term to maturity.

ii) Risk management

Easter Seals, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and liquidity risk. Management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

Management believes Easter Seals is exposed to normal credit risk with respect to its accounts receivable. Provisions are maintained for potential credit losses and no such losses have been recognized to date. Management believes Easter Seals is not exposed to significant credit risk from any one customer and no provision for doubtful accounts has been recorded for the year ended March 31, 2017 and March 31, 2016.

Management believes Easter Seals has no significant liquidity risk as its assets are highly liquid in nature.

15 Fundraising revenue recognition

Due to Easter occurring in mid-April 2017, revenues for the Mic Mac Mall Bunnyland and the Paper Egg campaign which were included in the fiscal 2017 budget were not earned or received until fiscal 2018. As such, $12,478 of revenue relating to Bunnyland and $17,579 relating to Paper Eggs for Easter 2017 was not recognized in the year ended March 31, 2017, but instead will be recognized in revenue during the year ended March 31, 2018.