

**Ontario Federation  
For Cerebral Palsy  
Financial Statements**  
For the year ended December 31, 2020

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## Independent Auditor's Report

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### To the Directors of Ontario Federation for Cerebral Palsy

#### Qualified Opinion

We have audited the accompanying financial statements of Ontario Federation for Cerebral Palsy (the "Organization"), which comprise the statement of financial position as at December 31, 2020, 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, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020 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.

#### Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and bequests, 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and bequests, excess of revenues over expenditures and cash flows from operations for the year ended December 31, 2020 and the four month period ended December 31, 2019, current assets as at December 31, 2020 and 2019 and net assets as at January 1, 2020, December 31, 2020, September 1, 2019 and December 31, 2019.

As discussed in Note 1(k) to the financial statements, the Organization accounts for its beneficial interest in Clothing Pick-Up for Cerebral Palsy Trust using the cost method of accounting instead of the equity or consolidation method, which constitutes a departure from Canadian accounting standards for not-for-profit organizations. The financial statement effects of the departure have not been determined as management did not provide us with the information necessary to quantify the effects, if any, of the departure. Consequently, we were unable to determine the adjustments, if any, that would be required to trust distribution, excess of revenues over expenditures and cash flows from operations for the year ended December 31, 2020 and the four month period ended December 31, 2019, current assets as at December 31, 2020 and 2019 and net assets as at January 1, 2020, December 31, 2020, September 1, 2019 and December 31, 2019 if the Organization accounted for its beneficial interest using the equity method.

Our audit opinion on the financial statements for the four month period ended December 31, 2019 was modified accordingly because of the possible effect of this limitation in scope and the effects of this departure from Canadian accounting standards for not-for-profit organizations.

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 of our qualified audit 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.



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## Independent Auditor's Report (continued)

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### 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 Company'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 Company'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 Company 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.



Chartered Professional Accountants, Licensed Public Accountants

Markham, Ontario



# Ontario Federation for Cerebral Palsy

## Statement of Financial Position

December 31	2020	2019
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### Assets

#### Current

Cash	\$ 972,704	\$ 2,185,794
Accounts receivable (Note 2)	44,476	32,059
Prepaid expenses and deposits	36,726	29,772
Due from related party (Note 9)	3,316	11,144

	1,057,222	2,258,769
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Investments (Note 3)	12,584,449	10,833,975
Property and equipment (Note 6)	51,967	57,228
Loan receivable (Note 4)	1,800,000	1,800,000

	\$ 15,493,638	\$ 14,949,972
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### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities	\$ 300,975	\$ 205,963
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#### Net Assets

Invested in property and equipment	51,967	57,228
Internally restricted (Note 7)	512,346	527,846
Unrestricted	14,628,350	14,158,935

	15,192,663	14,744,009
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	\$ 15,493,638	\$ 14,949,972
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On behalf of the board

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# Ontario Federation for Cerebral Palsy

## Statement of Operations

	For the year ended December 31, 2020	For the four month period ended December 31, 2019
<b>Revenue</b>		
Trust distribution - CP4CP (Notes 5 and 9)	\$ 267,845	\$ 184,894
Investment	490,113	136,754
Bequests	218,320	399,616
Donations	169,034	45,801
Bin rental (Note 9)	28,995	9,665
Fundraising events	8,681	1,661
Memberships, workshops and seminars	3,010	2,690
Other	13	120
	<u>1,186,011</u>	<u>781,201</u>
<b>Expenses</b>		
Amortization	9,218	3,041
Program services	817,372	185,496
Administration	246,836	97,910
Goldcrest program	13,159	4,658
Governance and organization restructure	22,123	13,870
Fundraising	902	10,425
	<u>1,109,610</u>	<u>315,400</u>
<b>Excess of revenues over expenditures before other income (expenses)</b>	<u>76,401</u>	<u>465,801</u>
<b>Other income (expenses)</b>		
Unrealized gain on investments	293,379	65,867
Gain (loss) on sale of investments	(9,389)	26,193
Foreign exchange loss	(19,700)	(20,849)
Government grant (Note 13)	107,963	-
	<u>372,253</u>	<u>71,211</u>
<b>Excess of revenue over expenditures</b>	<u>\$ 448,654</u>	<u>\$ 537,012</u>

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

**Ontario Federation for Cerebral Palsy**  
Statement of Changes in Net Assets

	For the year ended December 31, 2020			For the four month period ended December 31, 2019	
	Unrestricted	Internally Restricted	Invested in Property and Equipment	Total	Total
Net assets, beginning of period	\$ 14,158,935	\$ 527,846	\$ 57,228	\$ 14,744,009	\$14,206,997
Excess (deficiency) of revenue over expenditures	473,372	(15,500)	(9,218)	448,654	537,012
Purchase of property and equipment	(3,957)	-	3,957	-	-
Net assets, end of period	\$ 14,628,350	\$ 512,346	\$ 51,967	\$ 15,192,663	\$14,744,009

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

# Ontario Federation for Cerebral Palsy

## Statement of Cash Flows

	For the year ended December 31, 2020	For the four month period ended December 31, 2019
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures for the period	\$ 448,654	\$ 537,012
Adjustments to reconcile excess of revenue over expenditures to net cash provided by operating activities:		
Amortization of property and equipment	9,218	3,041
Unrealized gain on investments	(293,379)	(65,867)
Loss (gain) on sale of investments	9,389	(26,193)
Changes in non-cash working capital balances		
Accounts receivable	(12,417)	(15,374)
Prepaid expenses and deposits	(6,954)	(11,828)
Accounts payable and accrued liabilities	95,012	52,491
	<u>249,523</u>	<u>473,282</u>
<b>Investing activities</b>		
Decrease (increase) in due from related party	7,828	(11,144)
Purchase of investments	(2,963,425)	(274,081)
Proceeds from sale of investments	1,496,941	98,199
Purchase of property and equipment	(3,957)	(2,171)
	<u>(1,462,613)</u>	<u>(189,197)</u>
<b>Financing activities</b>		
Decrease in due to related party	-	(19,343)
<b>Net change in cash</b>	(1,213,090)	264,742
<b>Cash, beginning of period</b>	<u>2,185,794</u>	<u>1,921,052</u>
<b>Cash, end of period</b>	<u>\$ 972,704</u>	<u>\$ 2,185,794</u>

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

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# Ontario Federation for Cerebral Palsy

## Notes to Financial Statements

December 31, 2020

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### 1. Summary of Significant Accounting Policies

#### a. Nature of Activities

The Ontario Federation for Cerebral Palsy (the "Organization") was incorporated without share capital under Part 2 of the Canada Corporations Act in 1973. The Organization exists to provide support for people with cerebral palsy and other disabilities.

In September 2018, the Board of Directors approved to change the Organization's fiscal year end from August 31 to December 31. Pursuant to this resolution, the Organization's comparative financial statements are as at December 31, 2019 and for the four month period from September 1, 2019 to December 31, 2019.

#### b. Basis of Accounting

The Organization has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### c. Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Trust distribution from CP4CP is recognized as distributions are received.

Revenue from memberships, workshops and seminars is recognized when the event occurs, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

Bin rental and other income is recognized as revenue when performance requirements have been met and collection is reasonably assured.

Investment income is recognized as revenue when earned.

#### d. Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Investments are subsequently measured at fair value and all other financial instruments are subsequently measured at cost or amortized cost. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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## Ontario Federation for Cerebral Palsy

### Notes to Financial Statements

December 31, 2020

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#### 1. Summary of Significant Accounting Policies (continued)

e. Contributed Material and Services

The Organization receives contributed materials and is dependent upon the ongoing support of volunteers. Due to the difficulty in determining their fair values, contributed materials and services are not recognized in the financial statements.

f. Internally Restricted Assets

The *EW Scholarship Fund* is established to finance scholarships to students with a disability, studying towards a degree that will lead to working with individuals with disabilities.

The *Innovation Fund* is established to finance programs that impact membership on a provincial level, focusing on service gaps, population health and addressing the need in under served communities.

g. Property and Equipment

Property and equipment are recorded at cost. Amortization is based on the estimated useful life of the asset provided as follows:

	Method	Rate
Furniture, fixtures and equipment	Straight-line	3 years
Donation bins	Straight-line	10 years

h. Impairment of Long-Lived Assets

The Organization monitors its use of long-lived assets and when the long-lived asset no longer contributes to the Organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the long-lived asset is less than its net carrying amount, an impairment is recognized as an expense in the statement of operations.

i. Foreign Currency Translation

Foreign currency accounts are translated to Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expenses is translated into Canadian dollars by the use of the exchange rate in effect at the date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current year.

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## Ontario Federation for Cerebral Palsy

### Notes to Financial Statements

December 31, 2020

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#### 1. Summary of Significant Accounting Policies (continued)

- j. **Allocation of Expenses**      The Organization promotes and engages in a number of programs. The cost of each program includes direct funding to members, the cost of personnel involved and other expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs. The Organization allocates certain of its administrative costs by identifying the appropriate basis of allocating each expense and applies that basis consistently each year. General administrative expenses are allocated on the following bases:
- Occupancy costs - proportionately based on the relative space used by the various functions.
- Administrative salaries - based on the estimated amount of time spent on each function by the various individuals.
- k. **Clothing Pick-Up for Cerebral Palsy Trust**      Clothing Pick-Up for Cerebral Palsy Trust ("CP4CP") was established to solicit and monetize in-kind donations for the benefit of the Organization and is required to pay an amount equal to its net income to the Organization each fiscal year. The Organization is considered to control CP4CP under Canadian accounting standards for not-for-profit organizations. The Organization accounts for its interest in CP4CP using the cost method of accounting and as a result, the assets, liabilities and results of operations of CP4CP are not included in these financial statements.
- l. **Income Tax Status**      The Organization is a registered charitable organization exempt from income taxes under section 149(1)(f) of the Income Tax Act.
- m. **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 at the date of the financial statements, and the reported amounts of revenue and expenses for the year then ended. Actual results could differ from management's best estimates as additional information becomes available in the future.
- n. **Government Assistance**      Government grants are not recognized until there is reasonable assurance that the Organization will comply with the conditions attached to it and that the grant will be received.

## Ontario Federation for Cerebral Palsy

### Notes to Financial Statements

December 31, 2020

#### 2. Accounts Receivable

	2020	2019
Canada Emergency Wage Subsidy (Note 13)	\$ 31,753	\$ -
Input tax credits receivable	11,915	29,879
Other receivables	808	2,180
	<u>\$ 44,476</u>	<u>\$ 32,059</u>

#### 3. Investments

	2020	2019
Equities - segregated	\$ 3,910,108	\$ 4,030,897
Pooled Funds		
████████████████████ (122,318 units (2019 - 60,980 units))	1,223,183	609,797
████████████████████ (448,092 units (2019 - 385,476 units))	6,436,938	5,262,937
████████████████████ (98,495 units (2019 - 92,855 units))	1,014,220	930,344
	<u>8,674,341</u>	<u>6,803,078</u>
	<u>\$ 12,584,449</u>	<u>\$ 10,833,975</u>

#### 4. Loan Receivable

On September 1, 2017, the Organization entered into a demand revolving credit agreement with CP4CP, a controlled entity, whereby the Organization may lend up to \$2,500,000 to CP4CP on a revolving basis. Amounts borrowed by CP4CP under this agreement are non-interest bearing, due on demand and secured by a general security agreement covering all assets of CP4CP. The balance outstanding as at December 31, 2020 is \$1,800,000 (2019 - \$1,800,000). The Organization does not intend to demand repayment within the next fiscal year.

## Ontario Federation for Cerebral Palsy

### Notes to Financial Statements

**December 31, 2020**

#### 5. Clothing Pick-Up for Cerebral Palsy Trust

The most recent audited financial statements at December 31, 2020 and December 31, 2019 of CP4CP reflect the following:

	<u>2020</u>	<u>2019</u>
<b>Statement of Financial Position</b>		
Total assets	\$ 2,499,562	\$ 2,584,281
Total liabilities and retained earnings	\$ 2,499,562	\$ 2,584,281

Liabilities include \$1,854,411 (2019 - \$2,087,570) payable to the Organization and shown as amounts due from related party and loan receivable on the Organization's balance sheet.

	<u>2020</u>	<u>2019</u>
<b>Statement of Operations</b>		
Revenues	\$ 3,706,472	\$ 6,436,168
Expenses	3,655,395	5,926,115
Net income before distribution to the Organization	51,077	510,053
Distribution of income to the Organization	(51,077)	(510,053)
Net income for the year	\$ -	\$ -

The amount of distribution ultimately paid to the Organization will be based on the net income of CP4CP for its year ended December 31, 2020.

	<u>2020</u>	<u>2019</u>
<b>Statement of Cash Flows</b>		
Cash flows from		
Operating activities	\$ 316,387	\$ 124,474
Financing activities	(203,258)	45,738
Investing activities	(7,163)	(11,055)
Net increase in cash and equivalents during the year	105,966	159,157
Cash and cash equivalents, beginning of the year	2,059,288	1,900,131
Cash and cash equivalents, end of the year	\$ 2,165,254	\$ 2,059,288

## Ontario Federation for Cerebral Palsy

### Notes to Financial Statements

December 31, 2020

#### 6. Property and Equipment

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture, fixtures and equipment	\$ 17,544	\$ 13,658	\$ 13,587	\$ 10,885
Donation bins	64,444	16,363	64,444	9,918
	<u>\$ 81,988</u>	<u>\$ 30,021</u>	<u>\$ 78,031</u>	<u>\$ 20,803</u>
Net book value		<u>\$ 51,967</u>		<u>\$ 57,228</u>

The Organization leases its donation bins to CP4CP on a month to month basis (Note 9).

#### 7. Internally Restricted Net Assets

	Balance, beginning of year	Excess of revenue over expenditures	Payments	Balance, end of year
EW Scholarship Fund	\$ 4,100	\$ -	\$ (500)	\$ 3,600
Innovation Fund	523,746	-	(15,000)	508,746
	<u>\$ 527,846</u>	<u>\$ -</u>	<u>\$ (15,500)</u>	<u>\$ 512,346</u>

#### 8. Credit Facility

The Organization maintains a revolving demand credit facility of \$250,000 bearing interest at prime plus 1.00%. The credit facility is secured by a general security agreement covering all assets of the Organization. As at December 31, 2020, the balance of the credit facility was \$nil (2019 - \$nil).

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## Ontario Federation for Cerebral Palsy

### Notes to Financial Statements

December 31, 2020

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#### 9. Due From Related Party and Related Party Transactions

The amount due from CP4CP is unsecured, non-interest bearing and due on demand.

During the year, the Organization earned bin rental income from CP4CP in the amount of \$28,995 (2019 - \$9,665) and received distributions of \$267,845 (2019 - \$184,894).

CP4CP reimburses the Organization for various costs paid on its behalf; including certain administration costs and rental fees. The costs reimbursed by CP4CP were \$nil (2019 - \$38,934).

The Organization has also entered into sublease agreements with CP4CP and received rental payments of \$74,126 (2019 - \$39,274).

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

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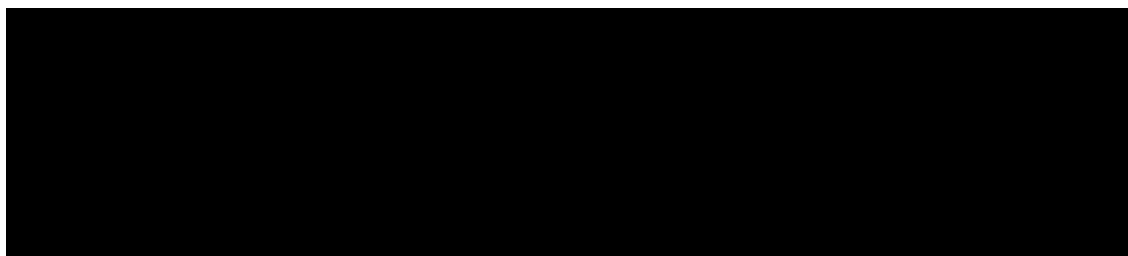
#### 10. Commitments

The Organization has entered into three rental agreements for its premises expiring on August 31, 2021, April 30, 2022 and March 31, 2023. Rental payments are as follows:

2021	\$	76,900
2022		50,000
2023		28,600
2024		29,300
2025		30,000
Thereafter		<u>241,400</u>
	\$	<u>456,200</u>

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## Ontario Federation for Cerebral Palsy

### Notes to Financial Statements

December 31, 2020

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#### 12. Financial Instruments

##### 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 financial instruments that are exposed to concentrations of credit risk relate primarily to cash, loan receivable, and investments. The Organization manages its exposure to this risk by maintaining its cash and investments with a major Schedule I bank and an accredited investment council.

##### Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities and commitments. The Organization continues to focus on maintaining adequate liquidity to meet operating working capital requirements and capital expenditures.

##### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

##### Market Risk

The Organization is exposed to fluctuations in equity markets on its segregated equities and pooled fund investments.

##### Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks. As at year end, the cash balance of \$151,440 (2019 - \$684,410) is expressed in US dollars and converted into Canadian dollars at an exchange rate of 1.2713 (2019 - 1.2986).

These risk have not changed from the prior year.

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## Ontario Federation for Cerebral Palsy

### Notes to Financial Statements

**December 31, 2020**

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#### **13. Government Grant**

The Organization received the Canada Emergency Wage Subsidy (CEWS) from the Government of Canada for the seven periods within May 10 to June 6 and July 5 to December 19 . The total amount of government assistance received was recorded as other income and totalled \$107,963. Management of the Organization has determined that the Organization does not have an obligation to repay the Government of Canada for this subsidy as they have determined that the Organization has met all applicable eligibility criteria.

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#### **14. Impact of COVID-19**

During the year the COVID-19 pandemic in Canada has disrupted economic activities which has resulted in an economic slowdown. The Organization relies on donations which were impacted resulting in the eligibility for government assistance under a COVID subsidy program as disclosed in Note 13. If the pandemic continues, there could be further implications to the Organization, the full potential impact of which is not known at this time.