

Epilepsy Ontario
Financial Statements
For the year ended December 31, 2020

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Independent Auditor's Report

To the Members and Directors of Epilepsy Ontario

Qualified Opinion

We have audited the accompanying financial statements of Epilepsy Ontario (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 matter 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 its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, deficiency of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Markham, Ontario
April 27, 2021

Epilepsy Ontario
Statement of Financial Position

| December 31 | 2020 | 2019 |
|--------------------------------|------------|------------|
| Assets | | |
| Current assets | | |
| Cash (Note 2) | \$ 362,855 | \$ 249,991 |
| Sundry receivables | 24,603 | 47,616 |
| Prepaid expenses | 20,495 | 23,312 |
| | 407,953 | 320,919 |
| Capital assets (Note 3) | - | 690 |
| | \$ 407,953 | \$ 321,609 |

Liabilities and Net Assets

| | | |
|---|------------|------------|
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 4) | \$ 99,503 | \$ 81,412 |
| Deferred revenue | 80,916 | - |
| | 180,419 | 81,412 |
| Net assets | | |
| Donor designated fund | | |
| The William Donald Willis Epilepsy Research Fund | 96,000 | 96,000 |
| Internally restricted fund | | |
| Contingency Reserve Fund | 100,000 | 100,000 |
| Unrestricted net assets | 31,534 | 44,197 |
| | 227,534 | 240,197 |
| | \$ 407,953 | \$ 321,609 |

On behalf of the Board:

_____ Director

_____ Director

Epilepsy Ontario
Statement of Changes in Net Assets

| For the year ended December 31 | The William Donald Willis Epilepsy Research Fund | Contingency Research Fund | Unrestricted | 2020 | 2019 |
|--|---|--|---------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 96,000 | \$ 100,000 | \$ 44,197 | \$ 240,197 | \$ 292,163 |
| Deficiency of revenue over expenses | - | - | (12,663) | (12,663) | (51,966) |
| Balance, end of year | \$ 96,000 | \$ 100,000 | \$ 31,534 | \$ 227,534 | \$ 240,197 |

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

Epilepsy Ontario Statement of Operations

| For the year ended December 31 | 2020 | 2019 |
|--|--------------------|--------------------|
| Revenue | | |
| Corporate sponsorship | \$ 414 | \$ 8,300 |
| Donations and bequests | 97,113 | 62,120 |
| Foundation grants | 37,422 | 50,000 |
| Fundraising special events | 42,797 | 97,232 |
| Gaming revenue | 296,797 | 361,689 |
| Government subsidies (Note 9) | 40,250 | - |
| Investment income | 465 | 1,134 |
| Program revenue | - | 5,575 |
| | 515,258 | 586,050 |
| Expenses | | |
| Advertising | 2,687 | 920 |
| Bank charges | 2,890 | 2,368 |
| Building occupancy | 16,085 | 16,538 |
| Fundraising expense | 63,391 | 88,798 |
| Gaming - donation other charities | 25,661 | 19,938 |
| Gaming expenses | 88,899 | 123,649 |
| Membership and dues | 229 | 135 |
| Office expense | 16,621 | 17,239 |
| Professional fees | 47,725 | 37,485 |
| Program expense | 34,938 | 104,584 |
| Salaries and benefits | 223,367 | 215,409 |
| Special event expense | - | 2,406 |
| Staff travel | 5,428 | 8,547 |
| | 527,921 | 638,016 |
| Deficiency of revenue over expenses | \$ (12,663) | \$ (51,966) |

Epilepsy Ontario Statement of Cash Flows

| For the year ended December 31 | 2020 | 2019 |
|--|-------------------|-------------------|
| Cash flows from operating activities | | |
| Deficiency of revenue over expenses | \$ (12,663) | \$ (51,966) |
| Items not affecting cash | | |
| Amortization | 690 | 688 |
| Changes in non-cash working capital balances | | |
| Sundry receivables | 23,013 | (19,512) |
| Prepaid expenses | 2,817 | 4,856 |
| Accounts payable and accrued liabilities | 18,091 | 33,473 |
| Deferred revenue | 80,916 | - |
| | 112,864 | (32,461) |
| Net change in cash | 112,864 | (32,461) |
| Cash, beginning of year | 249,991 | 282,452 |
| Cash, end of year | \$ 362,855 | \$ 249,991 |

Epilepsy Ontario

Notes to Financial Statements

December 31, 2020

1. Significant Accounting Policies

Nature and Purpose of Organization

Epilepsy Ontario (the Organization) is a registered charitable non-governmental health organization dedicated to promoting independence and optimal quality of life for those living with seizure disorders, by promoting information, awareness, support services, advocacy, education and research.

Through a network of local agencies, contacts and associates, Epilepsy Ontario provides client services, counselling and referral services. Epilepsy Ontario is the voice of epilepsy in the province.

The Organization is a registered charity, and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Financial Statements

These financial statements present the financial position and results of operations of Epilepsy Ontario. They do not include any assets, liabilities, revenues or expenses of any individual Chapters or the national and other provincial organizations, which are separately incorporated and operated.

The Organization follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Unrestricted Fund.

The William Donald Willis Epilepsy Research Fund is a donor designated fund to be used to fund research for finding a cure for epilepsy.

The Contingency Reserve Fund is a Board designated reserve fund to provide for extraordinary expenses that exceed or fall outside of the provisions of the Organization's operating budget and to fund the Organization's obligations in extreme circumstances including the wind-up costs of the Organization, if necessary, as determined and approved by the Executive Committee. Any excess funds are to be used for epilepsy research in Ontario.

Epilepsy Ontario

Notes to Financial Statements

December 31, 2020

1. Significant Accounting Policies (continued)

Revenue Recognition

Operating grants are recorded in revenue in the year in which the related expenses are incurred. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Fundraising revenues are recorded in the period in which the event takes place.

Donations are recorded when received. Donated goods and services are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods and services can be readily determined.

Bequests are recorded when notification has been received, the amount can be reasonably estimated and ultimate collection is reasonably assured.

Program revenue is recognized when the services are provided to clients.

Interest and miscellaneous income is recorded as earned.

Contributed Services

Volunteers contribute a significant amount of time each year to assist the Organization in carrying out its service delivery activities. The Organization also receives services for online advertising. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Capital Assets

Capital assets are recorded at cost. Amortization based on the estimated useful life of the assets is as follows:

| | |
|------------------------|---------------------------------|
| Computer equipment | - 55% diminishing balance basis |
| Furniture and fixtures | - 20% diminishing balance basis |

Epilepsy Ontario

Notes to Financial Statements

December 31, 2020

1. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, all financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Government Assistance

Government subsidies are accounted for as other income in the year to which they relate.

2. Cash

Cash includes restricted cash in the amount of \$24,849 as at December 31, 2020 (2019 - \$76,202) to be used in accordance with the license agreement with Alcohol and Gaming Commission of Ontario.

Epilepsy Ontario
Notes to Financial Statements

December 31, 2020

3. Capital Assets

| | 2020 | | 2019 | |
|---------------------------------------|-----------------|-----------------------------|-----------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Computer equipment | \$ 2,066 | \$ 2,066 | \$ 2,066 | \$ 1,376 |
| Furniture and fixtures | 1,146 | 1,146 | 1,146 | 1,146 |
| | \$ 3,212 | \$ 3,212 | \$ 3,212 | \$ 2,522 |
| Cost less accumulated amortization | | \$ - | | \$ 690 |

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$619 (2019 - \$5,083).

5. Interfund Transfer

During the year the Organization incurred expenses from The William Donald Willis Epilepsy Research Fund totaling \$Nil (2019 - \$30,000).

Epilepsy Ontario Notes to Financial Statements

December 31, 2020

6. Financial Instrument Risk

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 is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization's maximum exposure to credit risk represents the sum of the carrying value of its cash and sundry receivables.

The majority of the Organization's cash is maintained by one of the major financial institutions. The Organization reviews accounts receivable on a regular basis and follows up on outstanding amounts, as a result management believes the risk of loss on these items to be remote.

Liquidity Risk

Liquidity risk is the risk that the company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.

There have no been any changes in the risks from the prior year.

7. Commitments

The Organization is committed to pay minimum annual payments for premises under an operating lease expiring in August 2021. The expected payments over the term of the lease is as follows.

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2021 | \$ 9,022 |

Epilepsy Ontario Notes to Financial Statements

December 31, 2020

8. Guarantees and Indemnities

The Organization has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions, in which they are sued as a result of their involvement with the Organization, if they acted honestly and in good faith with the best interest of the Organization. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Organization has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Organization agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Organization. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.

9. Uncertainties Relating to COVID-19 Pandemic

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 and gaming revenue. The Organization's donations and revenues were impacted resulting in its eligibility for government assistance under various COVID subsidy programs as disclosed below. If the pandemic continues, there could be further implications to the Organization, the full potential impact of which is not known at this time.

The Organization received the Canada Emergency Subsidy Subsidy (CEWS) and the Temporary Wage Subsidy (TWS) from the Government of Canada. The total amount of government assistance received was recorded as income in the amount of \$40,250. Management has determined that the Organization has met all of the eligibility criteria and does not have an obligation to repay the Government of Canada for these subsidies. At December 31, 2020, \$12,727 from this subsidy was recorded in sundry receivables.

10. Comparative Figures

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.