

Epilepsy Ontario
Financial Statements
For the year ended December 31, 2023

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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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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
May 7, 2024

Epilepsy Ontario Statement of Financial Position

December 31	2023	2022
Assets		
Current assets		
Cash (Note 2)	\$ 553,154	\$ 340,504
Sundry receivables	39,425	30,088
Prepaid expenses	53,706	35,049
Current portion of loan receivable	24,000	-
	670,285	405,641
Loan receivable	16,000	-
	\$ 686,285	\$ 405,641

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued liabilities (Note 3)	\$ 105,902	\$ 121,451
Deferred revenue	57,155	15,792
	163,057	137,243
Net assets		
Donor designated fund		
The William Donald Willis Epilepsy Research Fund	-	29,334
Internally restricted fund		
Contingency Reserve Fund	100,000	100,000
Unrestricted net assets	423,228	139,064
	523,228	268,398
	\$ 686,285	\$ 405,641

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	2023	2022
Balance, beginning of year	\$ 29,334	\$ 100,000	\$ 139,064	\$ 268,398	\$ 271,962
Excess (deficiency) of revenue over expenses	(29,334)	-	284,164	254,830	(3,564)
Balance, end of year	\$ -	\$ 100,000	\$ 423,228	\$ 523,228	\$ 268,398

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

Epilepsy Ontario Statement of Operations

For the year ended December 31	2023	2022
Revenue		
Donations and bequests	\$ 320,817	\$ 60,302
Foundation grants	171,946	119,474
Fundraising special events	7,501	8,023
Gaming revenue	418,940	409,330
Investment income	1,204	624
Other revenue	-	500
	920,408	598,253
Expenses		
Advertising	1,541	10,780
Bank charges	2,601	2,507
Building occupancy	23,729	23,206
Fundraising expense	23,108	25,702
Gaming - donation other charities	15,401	19,906
Gaming expenses	121,635	122,351
Membership and dues	150	150
Office expense	14,027	19,037
Professional fees	128,695	90,192
Program expense	111,083	91,225
Salaries and benefits	222,714	192,695
Staff travel	894	4,066
	665,578	601,817
Excess (deficiency) of revenue over expenses	\$ 254,830	\$ (3,564)

Epilepsy Ontario Statement of Cash Flows

For the year ended December 31	2023	2022
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	\$ 254,830	\$ (3,564)
Changes in non-cash working capital balances		
Sundry receivables	(9,337)	(2,229)
Prepaid expenses	(18,657)	(7,476)
Accounts payable and accrued liabilities	(15,549)	40,665
Deferred revenue	41,363	(21,307)
	252,650	6,089
Cash flows from investing activities		
Increase in loan receivable	(40,000)	-
Net change in cash	212,650	6,089
Cash, beginning of year	340,504	334,415
Cash, end of year	\$ 553,154	\$ 340,504

Epilepsy Ontario

Notes to Financial Statements

December 31, 2023

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, 2023

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.

Government Assistance

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

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.

Epilepsy Ontario Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

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.

2. Cash

Cash includes restricted cash in the amount of \$105,965 as at December 31, 2023 (2022 - \$101,313) to be used in accordance with the license agreement with Alcohol and Gaming Commission of Ontario.

3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$2,970 (2022 - \$3,139).

4. Commitments

The Organization is committed to pay minimum annual payments for premises under an operating lease expiring in August 2024. The expected payments over the term of the lease are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ <u>12,223</u>

Epilepsy Ontario

Notes to Financial Statements

December 31, 2023

5. 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, accrued liabilities and commitments.

There have not been any changes in the risks from the prior year.

6. 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.