CANADIAN REHABILITATION COUNCIL FOR THE DISABLED

NEW BRUNSWICK BRANCH INCORPORATED

FINANCIAL STATEMENTS

DECEMBER 31, 2021

Shannon & Buffett, LLP
Chartered Professional Accountants

CANADIAN REHABILITATION COUNCIL FOR THE DISABLED

NEW BRUNSWICK BRANCH INCORPORATED

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Shannon & Buffett, LLP
Chartered Professional Accountants

GARRY L. ARMSTRONG, CPA, CA   CLAUDE LEGER, CPA, CA
RON W. SAUNTRY, CPA, CA

INDEPENDENT AUDITOR'S REPORT

To the Members,
Canadian Rehabilitation Council for the Disabled New Brunswick Branch Incorporated:

Qualified Opinion
We have audited the financial statements of Canadian Rehabilitation Council for the Disabled New Brunswick Branch Incorporated (the Council), which comprise the statement of financial position as at December 31, 2021, 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 Council as at December 31, 2021, and its financial performance 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, Council derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of those revenues was limited to the amounts recorded in the records of the Council. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenditures, or cash flows from operations for the year's ended December 31, 2021 and 2019, current assets as at December 31, 2021 and 2019, and net assets as at January 1 and December 31 for 2020 and 2019.

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 Council 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 opinion.

Other Information (Annual Report)
It is understood that the audited financial statements may be used in the Council's annual report. Management's responsibility is to ensure that if the financial statements are used in the annual report that the full and complete set of financial statements are included, this includes the independent auditor's report, statement of operations, statement of financial position and changes in net assets, statement of cash flows and the notes to the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

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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 Council'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 Council'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 Council 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.

• Obtain sufficient appropriate audit evidence regarding the financial information of the Council's activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. 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.

Shannon & Buffett, LLP
Chartered Professional Accountants
Fredericton, New Brunswick
March 17, 2022

CANADIAN REHABILITATION COUNCIL FOR THE DISABLED

NEW BRUNSWICK BRANCH INCORPORATED

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021 WITH COMPARATIVE FIGURES FOR 2020

	2021	2020
ASSETS		
Current:		
Cash	$ 680,691	$ 748,917
Guaranteed investment certificates	224,212	112,613
Accounts receivable	199,787	135,154
Prepaid expenses	25,514	17,055
	1,130,204	1,013,739
Guaranteed investment certificates	-	110,571
Restricted cash (note 3)	$ 178,253	$ 146,938
Restricted investments (note 3)	229,771	197,433
Capital assets (note 4)	1,502,506	1,539,976
	$ 3,040,734	$ 3,008,657
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (note 5)	$ 43,284	$ 45,668
Trust funds payable	2,065	565
Deferred revenue	183,999	158,993
	229,348	205,226
Deferred contributions for capital purposes (note 6)	1,467,930	1,509,000
Long-term debt (note 7)	40,000	30,000
	1,737,278	1,744,226
NET ASSETS		
Unrestricted net assets	895,432	920,060
Internally restricted net assets (note 3)	408,024	344,371
	1,303,456	1,264,431
	$ 3,040,734	$ 3,008,657

See accompanying notes to financial statements.

On Behalf of the Board:

Chair: ____________________

CANADIAN REHABILITATION COUNCIL FOR THE DISABLED

NEW BRUNSWICK BRANCH INCORPORATED

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE FIGURES FOR 2020

	2021	2020
Revenue:		
Fundraising		
- Events and campaigns	$ 31,615	$ 31,271
United way	19,077	11,118
Special projects	81,536	43,440
Department of Social Development grant	52,086	52,086
Department of Social Development project	483,109	391,692
Personal services recoveries	325	473
Assistive technology recoveries	505	12,041
Camp Rotary operations	491,458	133,170
- We Care grant	21,831	57,652
PETL Pilot Project	274,665	108,304
Government grants and subsidies	96,811	233,004
Contributions - Fredericton Rotary Club Charitable Trust	-	304,955
Contributions - other	34,957	3,882
Interest	1,177	3,556
Unrealized gain on investments	24,397	13,582
Miscellaneous	6,072	1,290
	1,619,621	1,401,516
Expenditures:		
Administration	167,007	119,639
Promotion and public relations	50,596	50,851
Fundraising	46,705	55,088
Special projects	75,729	33,006
Personal services	78,817	79,604
Department of Social Development project	352,385	302,770
Assistive technology	62,454	90,790
Camp Rotary	541,331	216,300
PETL Pilot Project	205,572	98,851
	1,580,596	1,046,899
Excess of revenue over expenditures, for the year	$ 39,025	$ 354,617

See accompanying notes to financial statements.

CANADIAN REHABILITATION COUNCIL FOR THE DISABLED

NEW BRUNSWICK BRANCH INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE FIGURES FOR 2020

	Unrestricted	Internally Restricted	2021	2020
Balance, beginning of year	$ 920,060	$ 344,371	$ 1,264,431	$ 909,814
Excess of revenue over expenditures	(24,860)	63,885	39,025	354,617
Transfers (note 3)	232	(232)	-	-
Balance, end of year	$ 895,432	$ 408,024	$ 1,303,456	$ 1,264,431

See accompanying notes to financial statements.

CANADIAN REHABILITATION COUNCIL FOR THE DISABLED

NEW BRUNSWICK BRANCH INCORPORATED

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE FIGURES FOR 2020

	2021	2020
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Excess of revenue over expenditures for the year	$ 39,025	$ 354,617
Items not requiring a cash outlay:		
Depreciation, net of amortization of deferred contributions for capital purposes	9,450	5,639
Net change in current assets and liabilities other than cash:		
Accounts receivable	(64,633)	(18,754)
Prepaid expenses	(8,459)	10,360
Trust fund	1,500	-
Accounts payable and accrued liabilities	(2,384)	(4,441)
Deferred revenue	25,006	47,311
	(495)	394,732
FINANCING ACTIVITIES:		
Increase in deferred contributions for capital purposes	26,470	1,509,000
Increase of long-term debt	10,000	30,000
	36,470	1,539,000
INVESTING ACTIVITIES:		
Additions to capital assets	(39,520)	(1,539,081)
Guaranteed investment certificates, long-term	110,571	(110,571)
Increase in investments	(32,338)	(197,433)
	38,713	(1,847,085)
INCREASE, in cash	74,688	86,647
CASH, beginning of year	1,008,468	921,821
CASH, end of year	$ 1,083,156	$ 1,008,468
Cash composition:		
Cash	$ 680,691	$ 748,917
Guaranteed investment certificates	224,212	112,613
Restricted cash	178,253	146,938
	$ 1,083,156	$ 1,008,468

CANADIAN REHABILITATION COUNCIL FOR THE DISABLED

NEW BRUNSWICK BRANCH INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

Description of the organization:

The Canadian Rehabilitation Council for the Disabled New Brunswick Branch Incorporated (the Council) is the principal New Brunswick agency working in partnership with people with physical disabilities so that they may attain independence and equality of opportunity generally available in the community. The Council operates under the name of Easter Seals N.B.

1. Summary of significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition -

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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. Restricted investment income is recognized as revenue in the year in which the related expenditures are incurred. Unrestricted investment income is recognized as revenue is earned. Unrestricted net assets includes invested in capital assets.

(b) Pledges -

The Council does not record pledges as revenue until the funds are received.

(c) Contributed services -

A substantial number of volunteers contribute a significant amount of their time each year. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(d) Cash -

Cash includes cash on hand and cash on deposit with financial institutions. GIC's which are cashable or mature in less than a year are included in current assets.

(e) Capital assets -

Additions to capital assets are recorded at cost. Provision for amortization is made utilizing the declining balance method at a 20% rate for furniture and equipment, 30% for computer equipment and vehicles, and 4% for buildings.

1. Summary of significant accounting policies (continued):

(f) Use of estimates -

Under Canadian generally accepted accounting principles, management is required to make estimates and assumptions to prepare financial statements. These estimates are based on management's best knowledge of current events and actions that the Council may undertake in the future. These estimates and assumptions may affect the amount of assets and liabilities presented as at the reporting date and the reported amount of revenue and expenses during the fiscal period. Significant estimates included in these financial statements pertain to the collectability of receivables and the allocation of expenses. Actual results may differ from the estimates and assumptions used.

(g) Financial instruments -

(i) Measurement of financial instruments

The Council initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable.

The Council subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets measured at amortized cost include cash, term deposits, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, trust funds payable and deferred revenue.

(ii) Impairment

At the end of each reporting period, the Council assesses whether there are any indications that a financial asset measured at amortized cost may be impaired.

When there is an indication of impairment, the Council determines whether a significant adverse change has occurred during the period in the expected timing or amount of future in cash flows from the financial asset.

When the Council identifies that a significant adverse change in the expected timing of the amount of future cash flows from a financial asset, it reduces the carrying amount of the asset. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

1. Summary of significant accounting policies (continued):

(g) Financial instruments (continued) -

(ii) Impairment (continued)

When the extent of an impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

(iii) Transaction costs

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized costs.

2. Camp Rotary Assets:

On June 30, 2020, by way of gift, The Fredericton Rotary Club Charitable Trust and the Rotary Club of Fredericton transferred ownership of Camp Rotary's operations including land, buildings, equipment, cash and investments to the Council for their immediate, sole and exclusive use. The land, building and equipment were recorded at the appraised value of $1,513,925. The transaction was recorded as a deferred contribution and is being amortized to income on the same basis and rates of the related capital assets.

3. Internally restricted net assets:

Internally restricted net assets relating to Camp Rotary are comprised of the following as at December 31:

	2021	2020
Restricted cash	$ 178,253	$ 146,938
Restricted investments	229,771	197,433
	$ 408,024	$ 344,371

The restricted investments are administered by the Fredericton Community Foundation and presently managed by RBC Dominion Securities. The Foundation manages investment assets on its own behalf and for limited third party clients on a pooled basis similar to a Mutual Fund. The Foundation is responsible for determining an appropriate asset mix and RBC manages the portfolio withing the agreed asset mix. The asset mix as at December 31, 2021 was comprised of:

- Cash	0.88%
- CDN fixed income	39.75%
- Canadian equities	32.51%
- US equities	15.82%
- International equities	11.04%
	100.00%

3. Internally restricted net assets (continued):

	2021	2020
Camp Rotary:		
Balance, beginning of year	$ 344,371	$ 48,009
Amount transferred to restricted net assets	(232)	(25,479)
	344,139	22,530
Cash and Investments transferred from Fredericton Rotary Club Charitable Trust	-	304,955
Investment income	9,416	3,965
Market value adjustment	24,397	13,582
Insurance recovery	31,547	-
Investment fees	(1,475)	(661)
Excess revenue over expenses	63,885	321,841
Balance, end of year	$ 408,024	$ 344,371

The assets are restricted for maintenance and operations of Camp Rotary at Grand Lake, N.B.

4. Capital assets:

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Land	$ 99,000	$ -	$ 99,000	$ 99,000
Buildings	1,378,695	55,410	1,323,285	1,352,225
Vehicles	29,691	26,947	2,744	3,914
Furniture and equipment	119,039	41,562	77,477	84,837
	$ 1,626,425	$ 123,919	$ 1,502,506	$ 1,539,976

5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities is comprised of:

		2021		2020
Trade accounts payable	$	10,171	$	13,865
Accrued payroll and benefits		14,013		8,410
Other accrued liabilities		19,100		23,393
	$	43,284	$	45,668

6. Deferred contributions for capital purposes:

Deferred contributions related to capital assets represents the unamortized balance of capital contributions of Camp Rotary in 2020.

7. Long-term debt:

		2021		2020
Canada Emergency Business Account (CEBA)	$	40,000	$	30,000

The Canada Emergency Business Account is a loan to assist businesses dealing with Covid-19 cash flow challenges.

- In 2021 the Council received an additional loan of $20,000 under CEBA and recognized an additional $10,000 forgiveness as income.
- The loan is interest free until December 31, 2023. Forgiveness of $20,000 of the loan is available, provided $40,000 is paid back between January 1, 2021 and December 31, 2023.
- If the balance is not paid by December 31, 2023, the remaining balance will be converted to a 2-year term loan at 5% annual interest, paid monthly, effective January 1, 2024.
- The full balance must be repaid by no later than December 31, 2025.

8. Financial instruments:

The Council is exposed to the following various risks though its financial instruments:

Credit risk -

Credit risk is the risk that a party may default on their financial obligations to the Council, or if there is a concentration of transactions carried out with the same party or a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Council could incur a financial loss.

The maximum exposure that the Council has to credit risk as at December 31, is as follows:

	2021	2020
Cash	$ 680,691	$ 748,917
Guaranteed investment certificates	224,212	112,613
Accounts receivable	199,787	135,154
Restricted cash and term deposits	178,253	146,938
Restricted investments	229,771	197,433
	$ 1,512,714	$ 1,341,055

Credit risk in cash and term deposits, is minimized by investing in major Canadian financial institutions. Management minimizes credit risk in accounts receivable by dealing with selected known customers and close monitoring of accounts receivable balances. Credit risk on restricted investments is minimized by adhering to a conservative asset mix and utilizing the investment services of professional advisors and managers. A substantial part of accounts receivable is with the Province of New Brunswick 2021 - $173,015 (2020 - $105,974). Management believes that other credit risk is minimal.

Liquidity risk -

Liquidity risk is the risk that the Council will not be able to meet a demand for cash or fund its obligations as they come due.

The Council meets its liquidity requirements by preparing an annual budget for operations, anticipating investing and financing activities and holding assets that can be readily converted into cash. As at December 31, 2021, the Council has sufficient cash and investments reserves.

8. Financial instruments (continued):

Market risk -

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk. Market risk is higher for the financial assets administered by the Fredericton Community Foundation. However in the Council's opinion, market risk is minimized by the adoption of a conservative asset mix as indicated in note 3.

Currency risk -

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Council does not normally transact a significant portion of its business in non-Canadian dollars and is not exposed to any significant currency risks.

Interest rate risk -

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with instruments will fluctuate due to changes in market interest rates.

The exposure of the Council to interest rate risk arises from its interest-bearing assets. The Council cash includes amounts on deposit and guaranteed investment certificates with financial institutions that earn interest at market rates. The Council is also exposed to interest rate risk on the fixed income portion of the investments administered by the Fredericton Community Foundation. The Council manages its exposure to the interest rate risk on its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Council's results of operations.

The primary objective of the Council with respect to its guaranteed investment certificates is to ensure the security of principal amounts invested, provide a high degree of liquidity and achieve a satisfactory investment return. The Council manages its interest rate risk exposure on fixed income maturities by investing in a portfolio of varying maturities with differing interest rates.

8. Financial instruments (continued):

Other price risk -

Other price risk refers to the risk that the fair value of financial instruments on future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risks or interest risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting similar instruments traded in the market.

The Council is not exposed to any significant price risks.

Changes in risk -

As a result of the Covid-19 pandemic, it is likely that there is an increase in credit risk and liquidity risks.

9. Expense allocation:

Salaries and employee benefits are allocated to programs based on the program the individual is assigned to. Executive and administrative salaries and benefits are allocated based on the estimated amount of time devoted to each program. Most other purchases and expenses are allocated to programs on a direct basis. Rent is allocated based on the percentage of square footage used per program. The Council allocates 48% of total fundraising costs to promotion and public relations.

10. Other matters:

In January 2020, the World Health Organization declared a public health state of emergency due to the Covid-19 pandemic. In March 2020, both the Governments of Canada and the Province of New Brunswick also declared states of emergencies. The Council, as with many other organizations, has experienced a drop in revenues as a result of the pandemic.

At this time, there is no estimate of the overall financial impact that Covid-19 will have on the Council. The Council will monitor operations closely and adjust expenses appropriately in order to lessen the overall impact, if any.