

Financial Statements

Canadian Council on Rehabilitation and Work

Toronto, Ontario

March 31, 2023

Contents

| | |
|--|---------|
| Independent Auditors' Report..... | 3 - 5 |
| Statement of Financial Position..... | 6 |
| Statement of Revenues, Expenses and Accumulated Surplus..... | 7 |
| Schedule of Meetings and Operating Expenses..... | 8 |
| Statement of Cash Flows..... | 9 |
| Notes to Financial Statements..... | 10 - 15 |

Independent Auditors' Report

To the Members of Canadian Council on Rehabilitation and Work:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Canadian Council on Rehabilitation and Work (CCRW), which comprise the statement of financial position as at March 31, 2023 and the statements of revenues, expenses and accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Council on Rehabilitation and Work as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Canadian Council on Rehabilitation and Work 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.

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 Canadian Council on Rehabilitation and Work'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 CCRW or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Canadian Council on Rehabilitation and Work's financial reporting process.

Independent Auditors' Report - continued

Auditors' 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 auditors' 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 Canadian Council on Rehabilitation and Work'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 Canadian Council on Rehabilitation and Work's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause CCRW 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.

Independent Auditors' Report - continued

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.

Toronto, Ontario
August 28, 2023

A handwritten signature in black ink that reads "Prentice Yates & Clark". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Licensed Public Accountants

Canadian Council on Rehabilitation and Work

March 31, 2023

| Statement of Financial Position - Assets | 2023 | 2022 |
|--|--------------|--------------|
| Current Assets | | |
| Cash, Note 3 | \$ 6,130,509 | \$ 7,335,537 |
| Temporary investments, Note 3 | 2,497,065 | 2,655,139 |
| Accounts receivable (allowance for doubtful accounts 2023 - \$0; 2022 - \$0) | 1,451,837 | 210,227 |
| Sales tax rebate, net | 197,303 | 98,916 |
| Due from Innova Corp., Note 10 | 333,015 | 0 |
| Prepaid expenses | 124,049 | 72,004 |
| Total Current | 10,733,778 | 10,371,823 |
| Investment In Innova Corp. , Note 9 | 1,078,848 | 0 |
| Capital Assets , Note 5 | 12 | 5,037 |
| | 11,812,638 | 10,376,860 |

Statement of Financial Position - Liabilities and Accumulated Surplus

| | | |
|--|------------|------------|
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 699,054 | 1,399,895 |
| Due to Innova Corp., Note 10 | 978,182 | 0 |
| Deferred revenue, Note 6 | 6,774,525 | 5,716,587 |
| Total Current | 8,451,761 | 7,116,482 |
| Long Term | | |
| Deferred lease inducement | 10,046 | 10,418 |
| Total Liabilities | 8,461,807 | 7,126,900 |
| Accumulated Surplus , per statement | 3,350,831 | 3,249,960 |
| | 11,812,638 | 10,376,860 |

Approved by The Board

Chair: Jennifer Dinn

Treasurer: Naqsh Kochar

The notes on pages 10 through 15 form an integral part of these financial statements.

Canadian Council on Rehabilitation and Work

Year ended March 31, 2023

Statement of Revenues, Expenses and Accumulated Surplus

| | 2023 | 2022 |
|--|------------|------------|
| Revenues | | |
| Social Development Partnership Program | \$ 332,990 | \$ 525,905 |
| Workplace Inclusion Programs | 6,371,002 | 5,207,358 |
| Service Canada - Youth and WESP | 6,365,731 | 5,427,276 |
| Training and consulting | 755,124 | 1,507,120 |
| Conference registration | 36,036 | 42,228 |
| Conference sponsorship | 10,000 | 0 |
| Website advertising | 2,863 | 99,480 |
| Interest and investment loss | (82,671) | (78,361) |
| Other - government | 1,779,278 | 178,036 |
| Other - non-government | 27,432 | 10,071 |
| Miscellaneous | 138,242 | 0 |
| | 15,736,027 | 12,919,113 |
| Expenses | | |
| Meetings and operating, per schedule | 16,094,004 | 12,375,940 |
| <i>Surplus (Loss) Before Other</i> | (357,977) | 543,173 |
| Other Income | | |
| Income from Innova Corp., Note 9 | 458,848 | 0 |
| <i>Surplus</i> | 100,871 | 543,173 |
| Accumulated surplus, beginning of year | 3,249,960 | 2,706,787 |
| <i>Accumulated Surplus, End of Year</i> | 3,350,831 | 3,249,960 |

Canadian Council on Rehabilitation and Work

Year ended March 31, 2023

| Schedule of Meetings and Operating Expenses | 2023 | 2022 |
|--|-------------------|-------------------|
| | | Note 8 |
| Meeting | | |
| Executive and meetings | \$ 47,827 | \$ 1,239 |
| Operating | | |
| Salaries and employee benefits | 6,582,013 | 5,141,670 |
| Severance | 58,106 | 84,604 |
| Consulting | 195,557 | 365,243 |
| Accounting, legal and professional | 125,663 | 22,189 |
| Training, course fees and supplies | 1,747,534 | 1,203,726 |
| Travel | 402,432 | 53,993 |
| Advertising and promotion | 3,779 | 27,423 |
| Communication and telephone | 12,077 | 4,466 |
| Translation | 20,607 | 8,298 |
| Other project costs | 1,147,303 | 1,084,146 |
| Mailing and freight | 2,273 | 905 |
| Office supplies | 3,441 | 4,377 |
| HST | 36,232 | 16,993 |
| Rent | 775,205 | 549,419 |
| Amortization | 5,026 | 10,450 |
| Bank charges | 7,631 | 8,626 |
| Equipment maintenance and software | 60,115 | 68,022 |
| Disability accommodation | 4,054,031 | 3,041,038 |
| Insurance | 2,762 | 1,415 |
| Administration and support | 745,503 | 617,561 |
| Conference | 45,297 | 55,101 |
| Bad debt | 6,454 | 0 |
| Professional development | 7,136 | 5,036 |
| | 16,094,004 | 12,375,940 |

Canadian Council on Rehabilitation and Work

Year ended March 31, 2023

| Statement of Cash Flows | 2023 | 2022 |
|--|-------------|-------------|
| Operating Activities | | |
| Surplus | \$ 100,871 | \$ 543,173 |
| Items not affecting cash | | |
| Amortization | 5,026 | 10,450 |
| Income from Innova Corp. | (458,848) | 0 |
| | (352,951) | 553,623 |
| Changes in Non-Cash Working Capital | | |
| Accounts receivable | (1,241,610) | (62,154) |
| Inventory | 0 | 10,416 |
| Prepaid expenses | (52,045) | 2,657 |
| Sales tax rebate, net | (98,387) | (56,845) |
| Investment in related parties | (333,015) | 0 |
| Accounts payable and accrued liabilities | (700,842) | 740,445 |
| Due to related parties | 978,182 | 0 |
| Deferred revenue | 1,057,938 | 2,896,649 |
| Deferred lease inducement | (372) | (372) |
| | (743,102) | 4,084,419 |
| Cash Flows Provided by (Used In) Operating Activities | | |
| | (743,102) | 4,084,419 |
| Investing Activities | | |
| Decrease (increase) in temporary investments | 158,074 | (2,655,139) |
| Investment in Innova Corp. | (620,000) | 0 |
| | (461,926) | (2,655,139) |
| Cash Flows Used In Investing Activities | | |
| | (461,926) | (2,655,139) |
| Increase (decrease) in cash during the year | (1,205,028) | 1,429,280 |
| Cash at beginning of year | 7,335,537 | 5,906,257 |
| Cash at End of Year | 6,130,509 | 7,335,537 |

Notes to Financial Statements

Nature of Activities

The Canadian Council on Rehabilitation and Work (CCRW) was incorporated by Letters Patent of Canada on January 26, 1976 under the Canada Corporations Act and continued under the Canada Not-for-profit Corporations Act on June 3, 2014. CCRW is a network of organizations and individuals across Canada. The mission of CCRW is to promote and support meaningful and equitable employment of people with disabilities. The users of the services of CCRW are employers, job seekers, educators, governments, labour and community service providers. CCRW receives funding from various programs administered by the federal and provincial governments and fee-for-service contracts from private and public sectors. CCRW is mainly dependent on this funding for its continued operations.

CCRW is a charity registered under the Income Tax Act and exempt from income taxes under the Income Tax Act.

Note 1

Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Capital Assets

Computer equipment and furniture and fixtures are capitalized and amortized on a straight-line basis over their estimated useful lives of 3 years.

Revenue Recognition

Revenue, other than donations that are recorded when received, is recognized on an accrual basis. Training event fees and grants received are recorded as deferred revenue and recognized in operations as the related expenditures are incurred.

Investment income includes interest from cash and fixed income investments, reinvested distributions from mutual funds and realized (and unrealized) gains and losses on investments. Revenue related to investments is recognized on an accrual basis.

Investment in Subsidiary

CCRW owns 100% of the common shares and preferred share and controls its wholly owned subsidiary Innova Corp. The investment is accounted for using the equity method.

Note 1 Significant Accounting Policies - continued

Financial Instruments

Measurement of Financial Instruments

CCRW initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. When the instrument has repayment terms, cost is determined using its undiscounted cash flows, excluding interest payments, less any impairment losses. Otherwise, the cost is determined using the consideration transferred or received by the organization.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

CCRW subsequently measures all its financial assets and financial liabilities at amortized cost.

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

Financial liabilities measured at amortized cost include accounts payable.

Use of Estimates

The preparation of financial statements requires management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

Note 2 Financial Instruments

Risk Management Policy

CCRW is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2023:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Note 2 Financial Instruments - continued

CCRW is subject to concentrations of credit risk through cash and its accounts receivable. CCRW maintains substantially all of its cash at a single major Canadian financial institution. The majority of CCRW's account receivables relate to funds receivable from government organizations. The maximum credit risk is equivalent to the carrying value. It is the opinion of management that CCRW is not exposed to significant credit risks.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices. These fluctuations may be significant. The methods and assumptions management uses when accessing market risks have not changed substantially, with the exception of adding equity mutual funds to its investment portfolio, from the prior period and are summarized below:

Interest Rate Risk

CCRW manages its investments based on its cash flow needs and with a view to optimizing its investment income.

CCRW has invested its excess cash in low risk interest bearing vehicles such as mutual funds as the means for managing its interest rate risk.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time.

CCRW manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its needs. CCRW ensures that it has enough resources for the upcoming programme expenses by securing grants from a variety of organizations.

It is the opinion of management that CCRW is not exposed to significant liquidity risk.

Note 3 Cash and Investments

| | 2023 | 2022 |
|------------------------------|------------------|------------------|
| Cash | | |
| Operating bank accounts | \$ 6,126,803 | \$ 7,330,199 |
| Broker's cash account | 3,706 | 5,338 |
| | <u>6,130,509</u> | <u>7,335,537</u> |
| Temporary Investments | | |
| Mutual funds | 2,497,065 | 2,655,139 |
| | <u>8,627,574</u> | <u>9,990,676</u> |

The rate of return during the year was (3.3)% (2022, (3.0)%).

Canadian Council on Rehabilitation and Work

March 31, 2023

Note 4 Guarantee

CCRW provided an unlimited guarantee for line of credit of \$50,000 held by Innova Corp., a wholly owned subsidiary.

Note 5 Capital Assets

| | Cost | Accumulated Amortization | Net 2023 | Net 2022 |
|------------------------|------|-----------------------------|-------------|-------------|
| Computer equipment | \$ 0 | \$ 0 | \$ 0 | \$ 4,267 |
| Furniture and fixtures | 425 | 413 | 12 | 770 |
| | 425 | 413 | 12 | 5,037 |

Note 6 Deferred Revenue

| | 2023 | 2022 |
|--|--------------|-----------|
| Youth the Future | \$ 2,309,098 | \$ 0 |
| Skilled Talent Employment Advantage Method | 1,752,166 | 0 |
| Accessibility First West Coast | 1,620,400 | 67,525 |
| Employment Services for Women | 748,504 | 0 |
| Partners | 199,402 | 3,342,230 |
| Social Development Partnership Program | 121,660 | 76,095 |
| Workplace Inclusion Program | 13,340 | 114,268 |
| Autisms Angels | 9,955 | 9,955 |
| Accommodation and Inclusive Management | 0 | 1,998,895 |
| Disability Confidence | 0 | 107,302 |
| Canada Summer Jobs | 0 | 317 |
| | 6,774,525 | 5,716,587 |

Note 7 Commitments

CCRW leases premises under non-cancelable operating lease agreements.

Future minimum annual payment requirements are as follows:

| | | |
|------------|----|---------|
| 2024 | \$ | 671,625 |
| 2025 | | 420,997 |
| 2026 | | 422,197 |
| 2027 | | 270,074 |
| 2028 | | 108,020 |
| Thereafter | | 139,761 |

Note 8 Classification

The prior year figures have been reclassified, where necessary, to conform to the current year's presentation. Surplus for the previous year is not affected by the reclassification.

Canadian Council on Rehabilitation and Work

March 31, 2023

Note 9 Innova Corp.

CCRW is the sole shareholder of Innova Corp. CCRW hold 100 common shares and 619,900 Class B shares of Innova Corp. Innova Corp. is authorized to issue unlimited Class B to F shares. Innova Corp. uses Canadian accounting standards for private enterprises as its basis of accounting. CCRW's investment in Innova Corp. consists of:

| | | |
|--------------------------|----|------------------|
| Common shares | \$ | 100 |
| Class B preferred shares | | 619,900 |
| Equity method income | | 458,848 |
| | | <u>1,078,848</u> |

Innova Corp.'s audited financial statements are summarized below:

| | <u>2023</u> |
|---|--------------------|
| Financial Position | |
| Assets | \$ 1,803,451 |
| Liabilities | 724,603 |
| Net assets | <u>1,078,848</u> |
| | <u>1,803,451</u> |
| Results of Operations | |
| Revenues | 1,519,106 |
| Expenses | <u>(1,060,258)</u> |
| Excess of revenues over expenses | <u>458,848</u> |
| Cash Flows | |
| Cash provided by operating activities | 197,615 |
| Cash provided by investing activities | (9,600) |
| Cash provided by financing activities | <u>620,000</u> |
| Increase in cash | <u>808,015</u> |

Note 10 Related Party Transactions

CCRW contracted with Innova Corp. for the provision of disability accommodation services to CCRW provides Innova Corp. with assistance for finance, human resources, office space and other administrative functions, currently estimated to be \$220,000 plus HST per year. CCRW may also pay expenses on Innova Corp.'s behalf. This necessarily results in an intercompany balance which carries no fixed term of repayment. Amounts are recorded at exchange value. In addition to the balances due to and from Innova Corp. at year-end, the following related party transactions occurred during the year:

Canadian Council on Rehabilitation and Work

March 31, 2023

Note 10 Related Party Transactions - continued

| <u>Statement of Operations Category</u> | <u>Related Party Amounts</u> |
|---|------------------------------|
| <i>Revenue</i> | |
| Miscellaneous | \$ 89,233 |
| Salaries and employee benefits | 259,676 |
| Consulting | 73,338 |
| <i>Expenses</i> | |
| Disability accommodation | 1,462,883 |
| Training and consulting | 19,368 |