

EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS

Consolidated Statement of Financial Position

As at December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash (Note 3)	\$ 419,305	\$ 412,801
Guaranteed investment certificates - current (Note 4)	20,273	50,400
Accounts receivable	3,932	12,446
Prepaid expenses and other assets	33,590	19,012
	<u>477,100</u>	494,659
GUARANTEED INVESTMENT CERTIFICATES (Note 4)	<u>38,986</u>	-
	<u>\$ 516,086</u>	\$ 494,659
LIABILITIES		
CURRENT		
Government remittances payable	\$ 2,052	\$ 5,173
Canada Emergency Business Account loan (Note 8)	60,000	-
Accounts payable and accrued liabilities	17,562	29,325
Deferred revenues (Note 5)	17,681	27,773
Awards and scholarship funds (Note 6)	6,008	6,408
	<u>103,303</u>	68,679
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 8)	<u>-</u>	60,000
	<u>103,303</u>	128,679
NET ASSETS		
UNRESTRICTED	237,416	181,089
INTERNALLY RESTRICTED FOR THE BRANCHES	133,606	142,751
INTERNALLY RESTRICTED FOR THE TWIGS	41,761	42,140
	<u>412,783</u>	365,980
	<u>\$ 516,086</u>	\$ 494,659
COMMITMENTS (Note 9)		

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See the accompanying notes to these financial statements

EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS

Consolidated Statement of Operations

Year Ended December 31, 2022

	2022	2021
REVENUES		
Membership fees	\$ 257,819	\$ 280,047
Conference fees	83,144	133,911
Webinars	55,275	74,341
Digital product sales	36,293	39,385
Publications	26,938	22,946
Certification	14,753	12,825
Branch and Twig revenues	11,855	29,640
Government grants	8,450	16,819
Interest and other	4,353	5,600
Awards (Note 6)	900	500
Donations	535	529
	500,315	616,543
EXPENSES		
Staffing	228,454	214,380
Administration	66,214	73,583
Professional fees	63,465	92,288
Conference	41,740	45,421
Branch and Twig expenses	26,768	38,863
Rent (Note 9)	23,363	21,656
Awards (Note 6)	3,400	3,000
Travel and other event	108	26
Printing and design	-	2,425
	453,512	491,642
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	46,803	124,901
OTHER INCOME		
Government assistance (Note 10)	-	25,303
EXCESS OF REVENUES OVER EXPENSES	\$ 46,803	\$ 150,204

See the accompanying notes to these financial statements

EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS

Consolidated Statement of Changes in Net Assets

Year Ended December 31, 2022

	Unrestricted	Internally Restricted for the Branches	Internally Restricted for the Twigs	2022	2021
NET ASSETS - BEGINNING					
OF YEAR	\$ 181,089	\$ 142,751	\$ 42,140	\$ 365,980	\$ 215,776
Transfer (<i>Note 7</i>)	16,751	(16,751)	-	-	-
Excess (deficiency) of revenues over expenses	39,576	7,606	(379)	46,803	150,204
NET ASSETS - END OF					
YEAR	\$ 237,416	\$ 133,606	\$ 41,761	\$ 412,783	\$ 365,980

Draft for discussion purposes only

EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS**Consolidated Statement of Cash Flows****Year Ended December 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 46,803	\$ 150,204
Changes in non-cash working capital:		
Accounts receivable	8,514	45,299
Prepaid expenses and other assets	(14,578)	(677)
Government remittances payable	(3,121)	(5,513)
Accounts payable and accrued liabilities	(11,763)	(24,055)
Deferred revenues	(10,092)	9,403
Awards and scholarship funds	(400)	-
	<u>(31,440)</u>	<u>24,457</u>
Cash flows from operating activities	<u>15,363</u>	<u>174,661</u>
INVESTING ACTIVITY		
Purchase of guaranteed investment certificates	<u>(8,859)</u>	<u>(14,044)</u>
FINANCING ACTIVITY		
Proceeds from Canada Emergency Business Account loan	<u>-</u>	<u>20,000</u>
INCREASE IN CASH	6,504	180,617
CASH - BEGINNING OF YEAR	<u>412,801</u>	<u>232,184</u>
CASH - END OF YEAR	<u>\$ 419,305</u>	<u>\$ 412,801</u>

See the accompanying notes to these financial statements

1. NATURE AND PURPOSE OF THE ORGANIZATION

Editors' Association of Canada/Association canadienne des réviseurs ("Editors") was incorporated without share capital as a not-for-profit organization under the Canada Corporations Act in March 1982, and was continued under the Canada Not-for-Profit Corporations Act effective August 22, 2014.

Editors represents editors in Canada who work in many forms of print as well as in other media. Editors promotes professional editing, as key in producing effective communication. At year end, approximately 1,100 (2021 - 1,250) members work with individuals in the corporate, technical, government, not-for-profit and publishing sectors. Editors sponsors professional development seminars, promotes and maintains high standards of editing and publishing in Canada, establishes guidelines to help editors secure fair pay and good working conditions, helps both in-house and freelance editors to network, and cooperates with other publishing associations in areas of common concern.

Editors is governed at the national level by an executive council. There are four regional branches and eight regional twigs across the country providing a range of local programming and services to both members and non-members.

As a not-for-profit organization, Editors is exempt from income taxes under subsection 149(1)(f) of the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

Basis of consolidation

The consolidated financial statements include the accounts of Editors, four regional branches (British Columbia, Ottawa-Gatineau, Quebec and Toronto) and eight regional twigs (Barrie, Calgary, Edmonton, Hamilton-Halton, Kingston, Kitchener-Waterloo-Guelph, Manitoba and Atlantic). All inter-branch and inter-twig transactions have been eliminated upon consolidation.

Revenue recognition

Editors follows the deferral method of accounting for contributions, which includes donations and government grants. Unrestricted contributions are recognized as revenues when received or receivable, provided that contributions receivable can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenues in the year in which the related activities are carried out and expenses incurred.

Membership, conference, webinars and certification, interest and other, awards and branches and twigs are recognized as revenues in the fiscal year to which they relate.

Revenues from digital product and publication sales are recognized upon completion of performance, provided the amount of revenue is reasonably determinable and collectible.

Government assistance revenues, including the Canada Emergency Wage Subsidy and Canada Emergency Commercial Rent Assistance, are recognized on an accrual basis in the year the related eligible expenses are incurred.

(continues)

Notes to Consolidated Financial Statements

Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Restricted net assets

Net assets, which are internally restricted for use of the four regional branches (British Columbia, Ottawa-Gatineau, Quebec and Toronto), are for expenses relating to meetings, events and services for members in those branches.

Net assets, which are internally restricted for use of the eight regional twigs (Barrie, Calgary, Edmonton, Hamilton-Halton, Kingston, Kitchener-Waterloo-Guelph, Manitoba and Atlantic), are for expenses relating to meetings, events and services for members in those twigs.

Financial instruments

Editors initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, guaranteed investment certificates and accounts receivable. The financial liabilities measured at amortized cost include accounts payable.

Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. The impairment loss is measured as the difference between the carrying value and what is expected to be recovered. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal, had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

Contributed services

Volunteers contribute time to assist Editors in carrying out its programs. Contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity 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 expenses during the year. Significant estimates incorporated into Editors' financial statements include year end accruals and the collectability of accounts receivable. These estimates are reviewed periodically and adjustments are made to excess of revenues over expenses as appropriate in the year they become known.

3. CASH

	2022	2021
National office	\$ 331,891	\$ 317,131
Branches	87,414	95,670
	<u>\$ 419,305</u>	<u>\$ 412,801</u>

4. FINANCIAL INSTRUMENTS

Guaranteed investment certificates at December 31, 2022 are \$59,259 (2021 - \$50,400), bear interest at rates ranging from 0.25% to 5.0% (2021 - 0.1% to 2.2%) and have maturity dates ranging from April 7, 2023 to December 15, 2027 (2021 - February 27, 2022 to December 20, 2026).

(continues)

Notes to Consolidated Financial Statements

Year Ended December 31, 2022

4. FINANCIAL INSTRUMENTS *(continued)*

It is management's opinion that Editors is not exposed to significant credit, liquidity, currency, interest rate, market, or other price risks arising from its financial instruments.

5. DEFERRED REVENUES

Deferred revenues at December 31 consist of the following:

	2022	2021
Membership revenues for the subsequent fiscal year	\$ 15,180	\$ 17,483
Online directory of editors	1,920	1,840
Branch revenues (Pro-D workshop)	581	-
Department of Canadian Heritage	-	8,450
	<u>\$ 17,681</u>	<u>\$ 27,773</u>

The continuity of deferred revenues for the year is as follows:

Balance, beginning of year	\$ 27,773	\$ 18,370
Add: amounts received during the year	422,440	537,086
Less: amounts recognized as revenue in the year	(432,532)	(527,683)
	<u>\$ 17,681</u>	<u>\$ 27,773</u>

6. AWARDS AND SCHOLARSHIP FUNDS

Fairley Award

The Tom Fairley Award for Editorial Excellence was established in 1983 and is presented annually. Editors received contributions of \$9,500 in 2002 from various sources to be used to recognize excellence in editing.

Editors decided to endow the award such that \$2,000 (2021 - \$2,000) of the award fund balance would be awarded annually. In 2019, the fund was fully depleted.

For the current year, a total annual prize of \$2,000 (2021 - \$2,000) was awarded; \$2,000 was paid from operations.

Claudette Upton Scholarship

Established in 2009, the award is named after the Editors' honorary life member, Claudette Reed Upton-Keeley, a gifted editor who loved the English language and was actively involved in social justice and environmental causes throughout her life.

This is a \$1,000 scholarship to help support continuing professional development in editing and is to be funded by specific contributions from members. The winner is encouraged to use the prize to attend Editors' national conference, purchase its publications or attend its workshops.

For the current year, a \$1,000 scholarship was awarded; \$500 was paid from operations and the remaining \$500 was from a contribution received during the year.

(continues)

6. AWARDS AND SCHOLARSHIP FUNDS (continued)

Karen Virag Award

Established in 2014 in memory of long time member Karen Virag, this award acknowledges an individual or organization's successful efforts to raise the profile of editing in the community. In 2021, Editors did not give out the award.

The continuity of this award fund is as follows:

	2022	2021
Balance, beginning of year	\$ 6,408	\$ 6,408
Add: Contributions received in the year	-	-
Less: Annual award	(400)	-
Balance, end of year	<u>\$ 6,008</u>	<u>\$ 6,408</u>

7. TRANSFER

During fiscal 2022, the Saskatchewan branch disbanded. The National Council then approved a transfer from the internally net assets of \$16,571 to the unrestricted fund. This amount was previously held for the Saskatchewan branch to use.

8. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

Editors received the Canada Emergency Business Account ("CEBA") which is an interest free loan of \$60,000 to assist with immediate operating cash flow needs due to the COVID-19 pandemic. The loan is interest-free for the initial term up to December 31, 2023. As part of the program, \$20,000 of the loan will be forgiven if \$40,000 is repaid in full on or before December 31, 2023. From the period commencing January 1, 2024 to the extended term date of December 31, 2025, the loan bears an annual interest rate of 5%.

9. COMMITMENTS

Editors leases premises under a long-term lease that expires on January 31, 2024. Under the terms of the lease, Editors is required to pay a minimum rent plus its proportionate share of operating expenses and property taxes.

Future minimum lease payments as at year end are as follows:

2023	\$ 23,932
2024	1,998
	<u>\$ 25,930</u>

10. GOVERNMENT ASSISTANCE

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus.

As part of the response to COVID-19, the federal government introduced several programs to employers whose activities have been affected.

The Canada Emergency Wage Subsidy ("CEWS") was introduced to assist employers whose activities have been affected by COVID-19. In fiscal 2021, Editors applied and received \$20,978 from this subsidy. No amounts were received in fiscal 2022 as this subsidy program ended in October 2021.

The Canadian Emergency Rent Subsidy ("CERS") program was designed to assist Canadian businesses, non-profit organizations, or charities who have seen a drop in revenues during the COVID-19 pandemic by providing part of their commercial rent and occupancy expenses. In fiscal 2021, Editors applied and received \$4,325 from this subsidy. No amounts were received in fiscal 2022 as this subsidy program ended in October 2021.

Draft for discussion purposes only