

EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS

Consolidated Financial Statements

December 31, 2023

Draft for discussion purposes only

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INDEPENDENT AUDITOR'S REPORT

To the Members of Editors' Association of Canada / Association canadienne des réviseurs

Opinion

We have audited the consolidated financial statements of Editors' Association of Canada / Association canadienne des réviseurs ("Editors"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Editors as at December 31, 2023, and the consolidated results of its operations and its consolidated 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Editors in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Editors' 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 Editors or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Editors' financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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.

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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 this financial information.

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 consolidated 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 Editors' 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 Editors' 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 consolidated 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 Editors to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Toronto, Ontario

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS

Consolidated Statement of Financial Position

As at December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash (Note 3)	\$ 338,770	\$ 419,305
Guaranteed investment certificates - current (Note 4)	27,026	20,273
Accounts receivable	4,147	3,932
Prepaid expenses and other assets	38,466	33,590
	<u>408,409</u>	477,100
INTANGIBLE ASSETS	34,725	-
GUARANTEED INVESTMENT CERTIFICATES (Note 4)	34,603	38,986
	<u>\$ 477,737</u>	<u>\$ 516,086</u>
LIABILITIES		
CURRENT		
Government remittances payable	\$ 1,343	\$ 2,052
Canada Emergency Business Account loan (Note 7)	60,000	60,000
Accounts payable and accrued liabilities	18,354	17,562
Deferred revenues (Note 5)	19,116	17,681
Awards and scholarship funds (Note 6)	5,608	6,008
	<u>104,421</u>	103,303
NET ASSETS		
UNRESTRICTED	188,397	237,416
INTERNALLY RESTRICTED FOR THE BRANCHES	141,817	133,606
INTERNALLY RESTRICTED FOR THE TWIGS	43,102	41,761
	<u>373,316</u>	412,783
	<u>\$ 477,737</u>	<u>\$ 516,086</u>

COMMITMENTS (Note 8)

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, 2023

	2023	2022
REVENUES		
Membership fees	\$ 252,143	\$ 257,819
Webinars	65,117	55,275
Conference fees	49,168	83,144
Digital product sales	36,148	36,293
Publications	24,580	26,938
Branch and Twig	14,129	11,855
Certification	12,815	14,753
Government grants	4,726	8,450
Interest and other	2,422	4,353
Donations	764	535
Awards (Note 6)	650	900
	<u>462,662</u>	<u>500,315</u>
EXPENSES		
Staffing	237,818	228,454
Administration	92,786	66,214
Professional fees	65,110	63,465
Conference	40,257	41,740
Branch and Twig	27,897	26,768
Rent (Note 8)	26,269	23,363
Printing and design	6,521	-
Awards (Note 6)	3,400	3,400
Travel and other event	2,071	108
	<u>502,129</u>	<u>453,512</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (39,467)</u>	<u>\$ 46,803</u>

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, 2023

	Unrestricted	Internally Restricted for the Branches	Internally Restricted for the Twigs	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 237,416	\$ 133,606	\$ 41,761	\$ 412,783	\$ 365,980
Excess (deficiency) of revenues over expenses	(49,019)	8,211	1,341	(39,467)	46,803
NET ASSETS - END OF YEAR	\$ 188,397	\$ 141,817	\$ 43,102	\$ 373,316	\$ 412,783

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EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS

Consolidated Statement of Cash Flows

Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (39,467)	\$ 46,803
Changes in non-cash working capital:		
Accounts receivable	(215)	8,514
Prepaid expenses and other assets	(4,876)	(14,578)
Government remittances payable	(709)	(3,121)
Accounts payable and accrued liabilities	792	(11,763)
Deferred revenues	1,435	(10,092)
Awards and scholarship funds	(400)	(400)
	<u>(3,973)</u>	<u>(31,440)</u>
Cash flows from (used by) operating activities	<u>(43,440)</u>	<u>15,363</u>
INVESTING ACTIVITIES		
Purchase of guaranteed investment certificates	(2,370)	(8,859)
Purchase of intangible assets	(34,725)	-
Cash flows used by investing activities	<u>(37,095)</u>	<u>(8,859)</u>
INCREASE (DECREASE) IN CASH	(80,535)	6,504
CASH - BEGINNING OF YEAR	<u>419,305</u>	<u>412,801</u>
CASH - END OF YEAR	<u>\$ 338,770</u>	<u>\$ 419,305</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 1,030 (2022 - 1,100) 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. They have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

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.

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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.

Intangible assets

The Organization's website is currently being developed. Once completed, it will be amortized on a straight-line basis over its estimated useful life of five years.

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

	2023	2022
National office	\$ 245,642	\$ 331,891
Branches	93,128	87,414
	\$ 338,770	\$ 419,305

Notes to Consolidated Financial Statements

Year Ended December 31, 2023

4. FINANCIAL INSTRUMENTS

Guaranteed investment certificates at December 31, 2023 are \$61,629 (2022 - \$59,259), bear interest at rates ranging from 0.25% to 5.10% (2022 - 0.25% to 5.0%) and have maturity dates ranging from February 4, 2024 to December 14, 2028 (2022 - April 7, 2023 to December 15, 2027).

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:

	2023	2022
Membership revenues for the subsequent fiscal year	\$ 17,036	\$ 15,180
Online directory of editors	2,080	1,920
Branch revenues (Pro-D workshop)	-	581
	<u>\$ 19,116</u>	<u>\$ 17,681</u>

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

Balance, beginning of year	\$ 17,681	\$ 27,773
Add: amounts received during the year	404,011	422,440
Less: amounts recognized as revenue in the year	<u>(402,576)</u>	<u>(432,532)</u>
Balance, end of year	<u>\$ 19,116</u>	<u>\$ 17,681</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.

For the current year, a total annual prize of \$2,000 (2022 - \$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 (2022 - \$1,000) scholarship was awarded; \$750 was paid from operations and the remaining \$250 was from a contribution received during the year.

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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.

The continuity of this award fund is as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 6,008	\$ 6,408
Less: Annual award	<u>(400)</u>	<u>(400)</u>
Balance, end of year	<u>\$ 5,608</u>	<u>\$ 6,008</u>

7. 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, extended to January 18, 2024. As part of the program, \$20,000 of the loan will be forgiven if \$40,000 is repaid in full on or before January 19, 2024. From the period commencing January 19, 2024 to the extended term date of December 31, 2025, the loan bears an annual interest rate of 5%.

8. 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:

2024	<u>\$ 1,998</u>
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