

EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS

Consolidated Financial Statements

December 31, 2025

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, 2025, 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, 2025, 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 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 these consolidated 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 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, 2025

	2025	2024
ASSETS		
CURRENT		
Cash (Note 3)	\$ 130,029	\$ 218,042
Guaranteed Investment Certificates - current (Note 4)	33,009	33,483
Accounts receivable	3,822	5,494
Prepaid expenses and other assets	30,585	25,319
	<u>197,445</u>	282,338
INTANGIBLE ASSET (Note 5)	34,705	32,152
GUARANTEED INVESTMENT CERTIFICATES (Note 4)	38,050	26,088
	<u>\$ 270,200</u>	\$ 340,578
LIABILITIES		
CURRENT		
Government remittances payable	\$ 667	\$ 5,157
Accounts payable and accrued liabilities	23,389	35,489
Deferred revenues (Note 6)	25,456	20,130
Awards and scholarship funds (Note 7)	5,208	5,608
	<u>54,720</u>	66,384
NET ASSETS		
INTERNALLY RESTRICTED FOR THE BRANCHES	133,138	144,682
INTERNALLY RESTRICTED FOR THE TWIGS	32,177	40,174
UNRESTRICTED	50,165	89,338
	<u>215,480</u>	274,194
	<u>\$ 270,200</u>	\$ 340,578

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, 2025

	2025	2024
REVENUES		
Membership fees	\$ 231,374	\$ 231,511
Webinars	73,681	57,752
Digital product sales	28,709	32,406
Publications	20,451	24,689
Certification	16,486	13,588
Branch and Twig	11,732	13,746
Interest and other	3,375	2,747
Awards (Note 7)	975	325
Donations	560	1,656
Conference fees	-	69,037
Grants	-	7,500
	387,343	454,957
EXPENSES		
Staffing	225,456	255,492
Professional fees (Note 5)	79,581	77,267
Administration	78,203	99,929
Branch and Twig	31,274	31,524
Printing and design (Note 5)	23,138	21,231
Awards (Note 7)	4,400	4,000
Rent	2,048	6,115
Travel and other event	1,525	2,255
Conference	432	56,266
	446,057	554,079
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (58,714)	\$ (99,122)

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, 2025

	Unrestricted	Internally Restricted for the Branches	Internally Restricted for the Twigs	2025	2024
NET ASSETS - BEGINNING OF YEAR	\$ 89,338	\$ 144,682	\$ 40,174	\$ 274,194	\$ 373,316
Deficiency of revenues over expenses	(39,173)	(11,544)	(7,997)	(58,714)	(99,122)
NET ASSETS - END OF YEAR	\$ 50,165	\$ 133,138	\$ 32,177	\$ 215,480	\$ 274,194

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EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS

Consolidated Statement of Cash Flows

Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (58,714)	\$ (99,122)
Item not affecting cash:		
Amortization of intangible assets	8,222	3,573
	<u>(50,492)</u>	<u>(95,549)</u>
Changes in non-cash working capital:		
Accounts receivable	1,672	(1,347)
Prepaid expenses and other assets	(5,266)	13,147
Government remittances payable	(4,490)	3,814
Accounts payable and accrued liabilities	(12,100)	17,135
Deferred revenues	5,326	1,014
Awards and scholarship funds	(400)	-
	<u>(15,258)</u>	<u>33,763</u>
Cash flows used by operating activities	<u>(65,750)</u>	<u>(61,786)</u>
INVESTING ACTIVITIES		
Proceeds from (purchase of) guaranteed investment certificates, net	(11,488)	2,058
Purchase of intangible assets	(10,775)	(1,000)
Cash flows from (used by) investing activities	<u>(22,263)</u>	<u>1,058</u>
FINANCING ACTIVITY		
Repayment of Canada Emergency Business Account loan	-	(60,000)
DECREASE IN CASH	(88,013)	(120,728)
CASH - BEGINNING OF YEAR	218,042	338,770
CASH - END OF YEAR	\$ 130,029	\$ 218,042

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 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 1,028 (2024 - 1,014) 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 paragraph 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.

Revenues from membership, conference, webinars and certification, interest and other, awards and branches and twigs are recognized in the fiscal year to which they relate and collection is reasonably assured.

Revenues from digital product sales and publications 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 and government remittances.

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 deficiency of revenues over expenses.

Intangible assets

The Organization's website was developed internally and initially recognized on the Statement of Financial Position if they meet the recognition criteria. Subsequent to initial recognition, the website is being 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 these consolidated 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' consolidated financial statements include year-end accruals, the collectability of accounts receivable and useful life of intangible assets. These estimates are reviewed periodically and adjustments are made to deficiency of revenues over expenses as appropriate in the year they become known.

3. CASH

	<u>2025</u>	<u>2024</u>
National office	\$ 33,197	\$ 119,309
Branches	96,832	98,733
	<u>\$ 130,029</u>	<u>\$ 218,042</u>

Notes to Consolidated Financial Statements

Year Ended December 31, 2025

4. FINANCIAL INSTRUMENTS

Guaranteed investment certificates at December 31, 2025 are \$71,059 (2024 - 59,571), bear interest at rates ranging from 0.25% to 5.10% (2024 - 0.25% to 5.10%) and have maturity dates ranging from January 2026 to January 2029 (2024 - February 2025 to December 2028).

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. INTANGIBLE ASSET

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Website	\$ 46,500	\$ 11,795	\$ 34,705	\$ 32,152

Amortization of \$8,223 (2024 - \$3,573) is included in professional fees and printing and design expenses.

6. DEFERRED REVENUES

Deferred revenues at December 31 consist of the following:

	2025	2024
Membership revenues for the subsequent fiscal year	\$ 19,437	\$ 18,450
Conference revenue	3,044	-
Online directory of editors	2,800	1,680
Conference sponsorship	175	-
	\$ 25,456	\$ 20,130

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

Balance, beginning of year	\$ 20,130	\$ 19,116
Add: amounts received during the year	339,090	391,720
Less: amounts recognized as revenue in the year	(333,764)	(390,706)
Balance, end of year	\$ 25,456	\$ 20,130

7. 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 \$3,000 (2024 - \$3,000) was awarded; \$3,000 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 (2024 - \$1,000) scholarship was awarded; \$425 (2024 - \$675) was paid from operations and the remaining \$575 (2024 - \$325) was from a contribution received during the year.

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:

	2025	2024
Balance, beginning of year	\$ 5,608	\$ 5,608
Less: annual award recognized as revenue	(400)	-
Balance, end of year	\$ 5,208	\$ 5,608