

**THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH (FOUNDED IN
MEMORY OF SAMUEL T. ORTON)**

Financial Statements

Year Ended December 31, 2020

DRAFT FOR DISCUSSION PURPOSES ONLY

THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH

(FOUNDED IN MEMORY OF SAMUEL T. ORTON)

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Year Ended December 31, 2020**

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DRAFT FOR DISCUSSION PURPOSES ONLY

INDEPENDENT AUDITOR'S REPORT

To the Members of The International Dyslexia Association, Ontario Branch (Founded in Memory of Samuel T. Orton)

Qualified Opinion

We have audited the financial statements of The International Dyslexia Association, Ontario Branch (Founded in Memory of Samuel T. Orton) (the Association), which comprise the statement of financial position as at December 31, 2020, 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 Association as at December 31, 2020, 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 (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses for the year ended December 31, 2020, current assets and net assets as at December 31, 2020.

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 Association in accordance with 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 qualified audit opinion.

Emphasis of Matter

We draw attention to Note 8 to the financial statements, which describes a subsequent event that could give rise to a material impact on the Association's financial position. Our procedures with respect to the events subsequent to December 31, 2020 are restricted solely to assess the impact on the Association's going concern and estimate of financial results in the near future due to the event. Our opinion is not modified in respect of this matter.

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Independent Auditor's Report to the Members of The International Dyslexia Association, Ontario Branch
(Founded in Memory of Samuel T. Orton) *(continued)*

Other Matter

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed a qualified opinion on those financial statements on June 18, 2020 for the reasons described in the *Basis for Qualified Opinion* section.

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 ASNPO, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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 Association'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 Association'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 Association to cease to continue as a going concern.

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Independent Auditor's Report to the Members of The International Dyslexia Association, Ontario Branch
(Founded in Memory of Samuel T. Orton) *(continued)*

- 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.

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.

Oakville, Ontario

HENDERSON ROLLER SMIT PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by
the Chartered Professional Accountants of
Ontario

DRAFT FOR DISCUSSION PURPOSES ONLY

THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH

(FOUNDED IN MEMORY OF SAMUEL T. ORTON)

**Statement of Financial Position
December 31, 2020**

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 158,246	\$ 95,082
Term deposits (Note 4)	94,541	93,097
HST rebate receivable	1,567	683
Prepaid expenses	3,061	1,116
	\$ 257,415	\$ 189,978
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,407	\$ 4,105
Deferred income (Note 5)	5,000	9,925
	12,407	14,030
NET ASSETS	245,008	175,948
	\$ 257,415	\$ 189,978

ON BEHALF OF THE BOARD

_____ Director

_____ Director

The accompanying notes are an integral component of these financial statements.

THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH**(FOUNDED IN MEMORY OF SAMUEL T. ORTON)****Statement of Operations
Year Ended December 31, 2020**

	2020	2019
REVENUES		
Fundraising	\$ 5,525	\$ 447
Interest Income	1,445	779
Membership fees	1,113	3,118
Parent as tutor fees	525	700
Receipted donations	11,700	5,370
Unreceipted donations	44,485	8,942
Webinar, workshops, and training	35,775	3,695
	100,568	23,051
EXPENDITURES		
Consulting	2,100	-
Insurance	1,213	1,123
Interest and bank charges	1,908	927
International liaison	1,493	2,212
Office	5,297	4,978
Outreach Programs	1,670	5,213
Professional fees	3,500	3,500
Read October	2,612	-
Rental	1,549	1,444
Telephone	187	204
Training	8,675	258
Travel	-	1,560
Website Development	1,304	904
	31,508	22,323
EXCESS OF REVENUES OVER EXPENDITURES	\$ 69,060	\$ 728

The accompanying notes are an integral component of these financial statements.

THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH

(FOUNDED IN MEMORY OF SAMUEL T. ORTON)

Statement of Changes in Net Assets
Year Ended December 31, 2020

	General Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 175,948	\$ 175,948	\$ 175,220
EXCESS OF REVENUES OVER EXPENDITURES	69,060	69,060	728
NET ASSETS - END OF YEAR	\$ 245,008	\$ 245,008	\$ 175,948

The accompanying notes are an integral component of these financial statements.

THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH**(FOUNDED IN MEMORY OF SAMUEL T. ORTON)****Statement of Cash Flows
Year Ended December 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 69,060	\$ 728
Changes in non-cash working capital:		
Accounts receivable	-	2,751
HST rebate receivable	(884)	1,738
Prepaid expenses	(1,945)	(287)
Accounts payable and accrued liabilities	3,302	28
Deferred income	(4,925)	8,875
	(4,452)	13,105
Cash flow from operating activities	64,608	13,833
INVESTING ACTIVITY		
Term deposits	(1,444)	(779)
INCREASE IN CASH FLOW	63,164	13,054
Cash - beginning of year	95,082	82,028
CASH - END OF YEAR	\$ 158,246	\$ 95,082

The accompanying notes are an integral component of these financial statements.

THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH

(FOUNDED IN MEMORY OF SAMUEL T. ORTON)

Notes to Financial Statements Year Ended December 31, 2020

1. FORMATION OF ASSOCIATION

The International Dyslexia Association, Ontario Branch (Founded in Memory of Samuel T. Orton) (the "Association") is a not-for-profit organization dedicated to providing and maintaining awareness in all areas and aspects regarding dyslexia and related disorders. As a registered charity the Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Association was incorporated by letters patent as a corporation without share capital in the Province of Ontario on June 18, 2004.

(a) The objects of the Association are:

- i) To educate the public and professionals about the nature of dyslexia and related disorders by offering courses, seminars and conferences and by collecting and disseminating research-based information on dyslexia and related disorders;
- ii) To promote, support and encourage study and research concerning the nature of such disorders as well as all aspects of the acquisition and mastery of written language including, but not limited to reading, spelling and writing;
- iii) To promote, encourage and support the education of professionals and other personnel to ameliorate the impact of dyslexia and related disorders and to promote optimal methods of reading instruction or remediation for all persons; and
- iv) To educate the public and professionals about, and to promote, the appropriate diagnosis and treatment of dyslexia and related disorders.

(b) The Association is subject to the following terms as well as numerous other conditions:

- i) The Association shall be carried on without the purpose of gain for its members, and any profits or other accretions to the Association shall be used in promoting its objects.
- ii) The Association shall be subject to the Charities Accounting Act of Ontario and the Charitable Gifts Act of Ontario.
- iii) Members of the Board of Directors shall serve as such without remuneration and shall not directly or indirectly profit from their positions per se, notwithstanding that they may be reimbursed reasonable expenses incurred by them in the performance of their duties.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Training workshops, private tutoring and membership fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Receipted donations and unreceipted donations as well as fundraising income are recorded when received.

Investment income, such as interest income, is recorded on the accrual basis.

The Association follows the deferral method of accounting for revenues.

Donations

Receipted Donations: Tax receipts are issued directly by the Association.

Unreceipted Donations: Tax receipts are issued directly by CanadaHelps or the United Way, two separate registered Canadian charities.

Cash and cash equivalents

The Association considers deposits in bank, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

Investments

Investments comprise Guaranteed Investment Certificates ("GICs"). They are stated at amortized cost plus accrued interest.

Foreign currency

The Association uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's statement of operations, except for the cost of amortization translated at historic rate, are translated at average year rates. Exchange gains and losses are included in the statement of operations.

Related party transactions

Unless otherwise noted, related party transactions are in the normal course of business and are recorded at the exchange amount, which is the amount agreed to by the related parties.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Donated services

Some of the work of the Association is dependent on voluntary services offered by volunteers. Since these services are not normally purchased by the Association and because of the difficulty of determining their fair value, donated services of this kind are not recognized in these financial statements.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash and term deposits. There are no financial assets measured at fair value.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and deferred revenue. There are no financial liabilities measured at fair value.

Financial instruments are tested for impairment at each reporting date and when an event occurs which may have caused impairment. When a test for impairment indicates that the carrying amount exceeds fair value, an impairment loss is recognized to the extent the carrying value exceeds its fair value. When the test indicates that the fair value exceeds the carrying amount, a reversal of the impairment loss previously recorded is recognized to the extent of the original cost.

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, liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the current period. Estimates are required in determining future cash flows when assessing assets for impairment, the useful lives of capital assets for amortization purposes, the allowance for uncollectible accounts receivable and contingencies. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH

(FOUNDED IN MEMORY OF SAMUEL T. ORTON)

**Notes to Financial Statements
Year Ended December 31, 2020**

4. TERM DEPOSITS

	2020	2019
1.05% guaranteed investment certificate, due 6/22/2021	\$ 43,255	\$ -
1.50% guaranteed investment certificate, due 3/2/2021	50,240	
1.60% guaranteed investment certificate, due 6/22/2020	-	42,572
0.60% guaranteed investment certificate, due 3/4/2020	-	49,942
Accrued interest	1,046	583
	\$ 94,541	\$ 93,097

5. DEFERRED REVENUE

Deferred revenue consists of the following:

	2019	Additions	Recognized in Revenue / Refunded	2020
Kilpatrick Workshop fees	\$ 8,225	\$ -	\$ 8,225	\$ -
Delegate Conference fees	1,400	-	1,400	-
Parent as Tutor fees	300	-	300	-
Delegate Conference fees	-	5,000	-	5,000
	\$ 9,925	\$ 5,000	\$ 9,925	\$ 5,000

Out of the total deferred revenue recognized this year, \$8,525 of fees collected were recognized in revenue and \$1,400 was refunded due to cancellations.

6. Remuneration of Board of Directors

Members of the Board of Directors are volunteers who served without remuneration for acting as directors.

7. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2020. There have been no significant changes to the Association's risk profile since December 31, 2019.

(a) Liquidity risk

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7. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable. Senior management manages the Association's cash resources based on financial forecasts and anticipated cash flows.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its guaranteed investment certificates.

(c) Additional risk

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant credit risk, market risk, currency risk or other price risks arising from these financial instruments.

8. SUBSEQUENT EVENT - GLOBAL PANDEMIC

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic and recommended containment and mitigation measures. As a result, extraordinary actions were taken by the Canadian and Ontario governments, and local public health authorities, to contain and combat the outbreak and spread of COVID-19. These actions included travel bans, quarantines, "stay-at-home" orders, and similar mandates for many individuals to substantially restrict daily activities and for many organizations to curtail or cease normal operations.

Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions; however, the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and donor support, which may also have a direct impact on the Association's operating results and financial position in the future.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and Association's operations are not known and therefore an estimate of the financial impact due to this pandemic is not determinable as at the date of the auditor's report.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.