



## **Financial Statements**

December 31, 2025

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Imagine Canada

### *Opinion*

We have audited the financial statements of Imagine Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and its results of operations and its 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 Financial Statements* section of our report. We are independent of the Organization 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 the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

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.

RSM Canada LLP

Chartered Professional Accountants  
Licensed Public Accountants  
May 7, 2026  
Toronto, Ontario



## Statement of Operations and Changes in Net Assets

Year Ended December 31	2025	2024
<b>Revenue</b>		
Earned income	\$ 3,035,824	\$ 2,767,658
Restricted contributions (note 4)	2,927,065	3,982,030
Unrestricted contributions	921,977	647,451
Membership fees	445,147	343,877
Other	<u>57,652</u>	<u>128,183</u>
	<u>7,387,665</u>	<u>7,869,199</u>
<b>Expenses</b>		
Salaries and benefits	4,594,664	3,898,892
Consulting and professional fees	1,630,527	2,594,617
Amortization of capital assets	332,080	461,601
Information technology and office costs	291,976	305,926
Events, meetings, and travel	244,449	192,076
Advertising, promotion, and print	193,604	129,480
Occupancy and moving	91,207	212,005
Bank and credit card fees	55,320	53,151
Other	<u>152</u>	<u>1,341</u>
	<u>7,433,979</u>	<u>7,849,089</u>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(46,314)</b>	<b>20,110</b>
<b>Net assets, beginning of year</b>	<u><b>104,361</b></u>	<u><b>84,251</b></u>
<b>Net assets, end of year</b>	<u><b>\$ 58,047</b></u>	<u><b>\$ 104,361</b></u>

*See accompanying notes*



## Statement of Financial Position

As At December 31 2025 2024

	<b>Assets</b>	
<b>Current</b>		
Cash and cash equivalents	\$ 1,531,772	\$ 2,299,259
Accounts receivable	188,775	109,265
Prepaid expenses	<u>94,648</u>	<u>192,340</u>
	<u>1,815,195</u>	<u>2,600,864</u>
<b>Capital Assets (note 3)</b>		
Software	699,425	736,281
Cloud computing implementation costs	338,089	280,112
Equipment	<u>91,705</u>	<u>69,260</u>
	<u>1,129,219</u>	<u>1,085,653</u>
	<u>\$ 2,944,414</u>	<u>\$ 3,686,517</u>

	<b>Liabilities</b>	
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 274,576	\$ 547,616
Deferred revenue	1,716,249	1,663,791
Deferred contributions (note 4)	<u>895,542</u>	<u>1,370,749</u>
	<u>2,886,367</u>	<u>3,582,156</u>
	<b>Net Assets</b>	
<b>Net assets</b>	<u>58,047</u>	<u>104,361</u>
	<u>\$ 2,944,414</u>	<u>\$ 3,686,517</u>

On behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

*See accompanying notes*



## Statement of Cash Flows

Year Ended December 31 2025 2024

*Increase (decrease) in cash*

### Operating activities

Excess (deficiency) of revenue over expenses	\$ (46,314)	\$ 20,110
Add items not involving cash:		
Amortization of capital assets	<u>332,080</u>	<u>461,601</u>
	<u>285,766</u>	<u>481,711</u>
Change in non-cash operating working capital balances:		
Accounts receivable	(79,510)	(18,036)
Prepaid expenses	97,692	(122,291)
Accounts payable and accrued liabilities	(273,040)	314,891
Deferred revenue	52,458	141,904
Deferred contributions	<u>(475,207)</u>	<u>5,556</u>
	<u>(677,602)</u>	<u>322,024</u>
	<u>(391,836)</u>	<u>803,735</u>

### Investing activities

Software development	(195,720)	(89,487)
Cloud computing implementation costs	(134,041)	(274,122)
Equipment purchases	<u>(45,890)</u>	<u>(4,973)</u>
	<u>(375,651)</u>	<u>(368,582)</u>

Net increase (decrease) in cash and cash equivalents	(767,487)	435,153
Cash and cash equivalents, beginning of year	<u>2,299,259</u>	<u>1,864,106</u>
Cash and cash equivalents, end of year	<u>\$ 1,531,772</u>	<u>\$ 2,299,259</u>

*See accompanying notes*



## Notes to the Financial Statements

December 31, 2025

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### 1. Nature of operations

Imagine Canada is a national charitable organization whose cause is Canada's charities and nonprofits. Its four Strategic Directions are to: energize the sector's voices; ensure the sector's relevance; influence the sector's environment; and, elevate the sector's excellence.

Imagine Canada is a non-share capital corporation under the Canada Not-for-profit Corporations Act. It is registered as a charitable organization under the *Income Tax Act (Canada)* with Charitable Registration Number 11921 8790 RR0001. As such, it is exempt from income taxes and is able to issue charitable donation receipts for income tax purposes.

### 2. Summary of significant accounting policies

These financial statements are prepared in accordance with Part III of the CPA Canada Handbook – Accounting, which sets out generally accepted accounting principles for nonprofit organizations in Canada. The more significant accounting policies are summarized below.

#### Revenue recognition

The organization follows the deferral method of accounting for contributions, which include grants and donations. Grants are recorded when received, or when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded when received. Unrestricted contributions are recognized as revenue when recorded. Externally restricted contributions are deferred when recorded, and recognized as revenue in the period in which the restrictions are met.

Earned income includes program fees, subscriptions, sponsorships, and advertising revenues, which are recognized as services are provided, or as otherwise earned. Membership fees are recognized over the underlying period of membership.

#### Use of estimates

Management makes assumptions and estimates that affect the amounts reported in these financial statements, and actual amounts could differ from those estimates. Estimates relate primarily to: the staff time and value allocated to various projects and the related recognition of contributions revenue; the staff time and value allocated to software development and software service implementation costs; and, the amortization of capital assets, which is based on their estimated useful lives.

## Notes to the Financial Statements

December 31, 2025

### 2. Summary of significant accounting policies (continued)

#### Cash and cash equivalents

Cash and cash equivalents includes balances with banks, cashable GICs, and cash on hand.

#### Capital assets

Costs related to custom-developed software and the implementation of software services such as its Customer Relationship Management software are capitalized during the period of development or implementation. Purchased equipment is recorded at cost.

Amortization is determined using the straight-line method over the estimated useful lives of the assets (generally 5 years), once placed into service. The organization regularly reviews and updates, as needed, estimated remaining periods of use.

#### Financial instruments

Financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

#### Contributed services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining the fair market value of contributed services, they are not recognized in the financial statements.

### 3. Capital assets

	<b>2025</b>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Software	\$ 1,984,560	\$ 1,285,135	\$ 699,425
Cloud computing implementation costs	826,660	488,571	338,089
Equipment	<u>187,460</u>	<u>95,755</u>	<u>91,705</u>
	<u>\$ 2,998,680</u>	<u>\$ 1,869,461</u>	<u>\$ 1,129,219</u>

## Notes to the Financial Statements

December 31, 2025

### 3. Capital assets (continued)

	2024		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Software	\$ 2,064,722	\$ 1,328,441	\$ 736,281
Cloud computing implementation costs	692,619	412,507	280,112
Equipment	<u>190,386</u>	<u>121,126</u>	<u>69,260</u>
	<u>\$ 2,947,727</u>	<u>\$ 1,862,074</u>	<u>\$ 1,085,653</u>

### 4. Deferred contributions

Deferred contributions represent unearned externally restricted grants and donations. The changes in the deferred contributions balance are as follows:

	2025				2024
	Government	Foundations	Corporate	Total	Total
Balance, beginning of year	\$ 201,726	\$ 533,561	\$ 635,462	\$ 1,370,749	\$ 1,365,193
Amount recorded in the accounts during the year	706,434	807,870	937,554	2,451,858	3,987,586
Revenue recognized during the year	<u>(818,160)</u>	<u>(954,972)</u>	<u>(1,153,933)</u>	<u>(2,927,065)</u>	<u>(3,982,030)</u>
Balance, end of year	<u>\$ 90,000</u>	<u>\$ 386,459</u>	<u>\$ 419,083</u>	<u>\$ 895,542</u>	<u>\$ 1,370,749</u>

### 5. Financial instruments risk management

Imagine Canada is exposed to potentially significant liquidity risk through transactions in financial instruments. Specifically, the organization is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity risk is managed by regularly forecasting cash flows from operations and anticipating investing and financing activities to ensure there is sufficient available cash to meet current and foreseeable financial requirements.

### 6. Reclassification

Certain of the prior year's financial statement figures have been reclassified to conform to the current year's presentation.