

Financial Statements of

**THE WELLSRING CANCER
SUPPORT FOUNDATION**

Year ended March 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Wellspring Cancer Support Foundation

We have audited the accompanying financial statements of The Wellspring Cancer Support Foundation, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



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Basis for Qualified Opinion

In common with many charitable organizations, The Wellspring Cancer Support Foundation derives its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of The Wellspring Cancer Support Foundation. Therefore, we were not able to determine whether, as at and for the years ended March 31, 2018 and March 31, 2017, any adjustments might be necessary to donations revenue and excess (deficiency) of revenue over expenses reported in the statements of operations, excess (deficiency) of revenue over expenses reported in the statements of changes in net assets, excess (deficiency) of revenue over expenses reported in the statements of cash flows and assets and net assets reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Wellspring Cancer Support Foundation as at March 31, 2018, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 4, 2018
Vaughan, Canada

THE WELLSPRING CANCER SUPPORT FOUNDATION

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 212,726	\$ 140,876
Short-term investments (note 2)	2,985,157	3,340,315
Accounts receivable	184,781	106,089
Prepaid expenses and deposits	162,067	54,369
	<u>3,544,731</u>	<u>3,641,649</u>
Investments (note 3):		
Long-term investments	1,100,517	2,499,296
Endowment fund (note 3)	397,430	372,430
	<u>1,497,947</u>	<u>2,871,726</u>
Capital assets (note 4)	4,491,141	4,710,039
	<u>\$ 9,533,819</u>	<u>\$ 11,223,414</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued charges	\$ 502,387	\$ 751,262
Deferred revenue (note 5)	636,734	274,306
	<u>1,139,121</u>	<u>1,025,568</u>
Deferred contributions (note 6)	3,900,421	5,083,931
Net assets:		
Restricted (note 7)	1,635,466	1,610,466
Invested in capital assets	590,720	525,089
Unrestricted	2,268,091	2,978,360
	<u>4,494,277</u>	<u>5,113,915</u>
Commitments (note 8)		
	<u>\$ 9,533,819</u>	<u>\$ 11,223,414</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director 
 Director

THE WELLSPRING CANCER SUPPORT FOUNDATION

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Special events (note 9)	\$ 1,590,586	\$ 2,956,921
Donations (note 6)	2,299,808	2,810,735
Amortization of deferred contributions (note 6)	289,430	292,078
Social enterprise	24,625	26,176
Investment	260,508	181,263
Other	42,850	37,794
Unrealized gain on investments	—	323,663
	<u>4,507,807</u>	<u>6,628,630</u>
Expenses:		
Program	2,684,703	2,813,204
Fundraising	738,458	879,064
Special events	552,788	833,078
Administration	735,714	731,496
Amortization	358,027	371,648
Unrealized loss on investments	72,052	—
Public awareness	10,703	52,857
	<u>5,152,445</u>	<u>5,681,347</u>
Excess (deficiency) of revenue over expenses	<u>\$ (644,638)</u>	<u>\$ 947,283</u>

See accompanying notes to financial statements.

THE WELLSRING CANCER SUPPORT FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

				2018	2017
	Restricted (note 7)	Invested in capital assets	Unrestricted	Total	Total
Net assets, beginning of year	\$ 1,610,466	\$ 525,089	\$ 2,978,360	\$ 5,113,915	\$ 4,156,632
Excess (deficiency) of revenue over expenses	—	(68,597)	(576,041)	(644,638)	947,283
Additions to endowments	25,000	—	—	25,000	10,000
Additions to capital assets, net of loss on disposal	—	134,228	(134,228)	—	—
Net assets, end of year	\$ 1,635,466	\$ 590,720	\$ 2,268,091	\$ 4,494,277	\$ 5,113,915

See accompanying notes to financial statements.

THE WELLSPRING CANCER SUPPORT FOUNDATION

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (644,638)	\$ 947,283
Items not involving cash:		
Amortization of deferred contributions	(289,430)	(292,078)
Amortization	358,027	371,648
Loss on disposal of capital assets	11,933	-
Deferred contribution redesignated as donation revenue	(492,497)	(986,253)
Unrealized gain on investments	(38,333)	(323,663)
	(1,094,938)	(283,063)
Change in non-cash operating working capital:		
Accounts receivable	(78,692)	113,574
Prepaid expenses and deposits	(107,698)	227,200
Accounts payable and accrued charges	(248,875)	(298,552)
Deferred revenue	362,428	(351,787)
	(1,167,775)	(592,628)
Financing activities:		
Repayment of deferred contributions	(461,583)	-
Deferred contributions received	60,000	63,480
Endowments received	25,000	10,000
	(376,583)	73,480
Investing activities:		
Decrease in short-term investments, net	355,158	687,045
Decrease (increase) in long-term investments, net	1,437,112	(77,611)
Increase in endowment fund	(25,000)	(10,000)
Additions to capital assets	(151,062)	(36,746)
	1,616,208	562,688
Increase in cash	71,850	43,540
Cash, beginning of year	140,876	97,336
Cash, end of year	\$ 212,726	\$ 140,876

See accompanying notes to financial statements.

THE WELLSRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements

Year ended March 31, 2018

The Wellspring Cancer Support Foundation (the "Foundation") was founded on May 1, 1992 for the purpose of providing: support programs and services for people and their families living with cancer; opportunities for the development of self-help skills leading to an enhanced quality of life; access to information; education for health care professionals; and evaluation and research into the benefits of supportive care. The Foundation was previously incorporated, without share capital, under the Canada Corporations Act on January 19, 1996, is a registered charity and, therefore, exempt from income taxes under the Income Tax Act (Canada). The Foundation was continued under the Canada Not-for-profit Corporations Act in October 2014.

From its inception in 1992 until December 1999, the Foundation provided its programs and services from one location, namely its facility at 81 Wellesley Street East in Toronto. In December 1999, the Foundation opened a new facility on the campus of Sunnybrook & Women's College Health Sciences Centre (now called Wellspring Westerkirk House at Sunnybrook) and, in July 2000, another in Oakville, Ontario (now called Wellspring Birmingham Gilgan House), to serve the regions of Halton and Peel.

Substantial expansion and renovation projects were completed at Wellspring Westerkirk House (2010) and Wellspring Birmingham Gilgan House (2012) and the original Wellspring centre at 81 Wellesley Street East was sold in 2011, with downtown operations and programs relocated to 4 Charles Street East, also in downtown Toronto, in 2012.

There are four affiliated Wellspring Centres, one in London, Ontario, one in Thorold, Ontario, one in Calgary, Alberta and the Wellspring Chinguacousy Foundation ("Wellspring Chinguacousy") location in Brampton. All are separately incorporated. On February 1, 2015, the Foundation assumed management of Wellspring Chinguacousy. As at January 31, 2018, the management agreement between the Foundation and Wellspring Chinguacousy expired in accordance with the terms of the agreement and the operations of Wellspring Chinguacousy continued under separate management and a separate Board.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions. Restricted donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received.

THE WELLSPRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for related capital assets. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned. Investment income earned on endowment funds is recognized as revenue when earned.

Pledges are recognized when money is received.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value.

THE WELLSPRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and equipment	5 years
Computer hardware	3 years
Leasehold improvements	10 - 25 years

Artwork is not amortized.

(d) Donated materials and services:

The Foundation recognizes the contribution of materials at fair value when it can be reasonably estimated, when it is used in the normal course of operations and would have been otherwise purchased. Because of the difficulty in determining the fair value, contributed services and volunteer time is not recognized in the financial statements.

(e) Use of estimates:

The preparation of the Foundation's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

2. Short-term investments:

	2018	2017
Money market funds	\$ 41,617	\$ 421,819
Short-term bond fund	2,943,540	2,918,496
	<u>\$ 2,985,157</u>	<u>\$ 3,340,315</u>

THE WELLSRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

3. Investments:

In 2014, the finance committee proposed and the Board of Directors adopted an investment policy allowing for a portion of the deferred capital to be invested in a long-term capital fund managed by Jarislowsky Fraser Ltd.

	2018	2017
Canadian Equity Fund	\$ 502,652	\$ 1,036,860
Global Equity Fund	995,295	1,834,866
	\$ 1,497,947	\$ 2,871,726

Endowment funds of \$397,430 (2017 - \$372,430) are invested in long-term investments.

4. Capital assets:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 400,518	\$ 335,848	\$ 64,670	\$ 50,828
Computer hardware	272,670	247,537	25,133	33,121
Leasehold improvements	6,343,178	2,130,859	4,212,319	4,437,071
Artwork	189,019	-	189,019	189,019
	\$ 7,205,385	\$ 2,714,244	\$ 4,491,141	\$ 4,710,039

5. Deferred revenue:

	2018	2017
Balance, beginning of year	\$ 274,306	\$ 626,093
Contributions received:		
Wellspring Henderson Hoedown	332,500	-
Peloton Challenge	51,361	48,015
Other	252,873	222,603
Amounts recognized as revenue:		
Wellspring Henderson Hoedown	-	(555,150)
Peloton Challenge	(48,015)	(12,479)
Other	(226,291)	(54,776)
Balance, end of year	\$ 636,734	\$ 274,306

THE WELLSPRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

6. Deferred contributions:

Deferred contributions represent contributions and donations in-kind for the buildings and other projects. The changes in the deferred contributions balance for the year are as follows:

	2017	Additions (disposals)	Amortization	Recognized as revenue (included in donations)	2018
Capital:					
Downtown Toronto	\$ 54,037	\$ —	\$ (13,874)	\$ —	\$ 40,163
Westerkirk House	2,138,613	—	(157,340)	—	1,981,273
Birmingham Gilgan House	1,944,131	—	(94,453)	—	1,849,678
Trillium Capital Grant	30,184	—	(17,658)	—	12,526
Other	22,886	—	(6,105)	—	16,781
	4,189,851	—	(289,430)	—	3,900,421
Operating:					
Westerkirk House	—	10,000	—	(10,000)	—
Birmingham Gilgan House	122,223	50,000	—	(172,223)	—
Chinguacousy	771,857	(461,583)	—	(310,274)	—
	894,080	(401,583)	—	(492,497)	—
	\$ 5,083,931	\$ (401,583)	\$ (289,430)	\$ (492,497)	\$ 3,900,421

As at January 31, 2018, the management agreement between the Foundation and the Wellspring Chinguacousy expired in accordance with the terms of the agreement and the operations of Wellspring Chinguacousy continued under separate management and a separate Board. The Foundation transferred \$461,583 of the remaining deferred contributions to Wellspring Chinguacousy.

Deferred capital contributions include an unspent amount of nil (2017 - \$4,901).

7. Restricted net assets:

	2018	2017
Externally restricted for endowment	\$ 397,430	\$ 372,430
Internally restricted	1,238,036	1,238,036
	\$ 1,635,466	\$ 1,610,466

Internally restricted net assets have been designated by the Board of Directors to be used for working capital purposes. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

THE WELLSRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

8. Commitments:

The Foundation leases office space under an operating lease expiring in 2023. Future minimum lease payments under these leases are as follows:

Year ending March 31:

2019	\$ 177,100
2020	173,300
2021	165,700
2022	165,700
2023	82,800
	<hr/>
	\$ 764,600

The Foundation leases premises for nominal fees under long-term leases for the operations of two of its centres. The Westerkirk House lease expires in 2029 and the Birmingham Gilgan House lease in 2019 with the option to extend the terms of both leases.

9. Special events:

The Foundation's major signature event, Wellspring Henderson Hoedown, is normally held every two years and will be held in fiscal 2018 - 2019. This event occurred on April 19, 2018.

10. Financial risks:

(a) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Foundation's investments are carried at fair value with fair value changes recognized in the statement of operations, all changes in market conditions will directly result in an increase (decrease) in the excess (deficiency) of revenue over expenses.

THE WELLSPRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

10. Financial risks (continued):

(b) Credit risk:

Credit risk arises as a result of the possibility that one party to a financial instrument will fail to discharge an obligation and cause the Foundation to incur financial loss. The Foundation manages this risk by diversifying its portfolio and by dealing with reputable and creditworthy counterparties.

(c) Interest rate risk:

The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments. The value of fixed income funds will generally rise if interest rates rise and decrease if interest rates fall. Changes in interest may also affect the value of equity securities. The interest rate risk exposure is managed through the Board of Directors-approved policy of allocation of investable assets.

There have been no changes to risk exposures from 2017.