

WELLSPRING CHINGUACOUSY FOUNDATION

Financial Statements

Year Ended March 31, 2022

***Mike Holloway C.P.A.
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INDEPENDENT AUDITOR'S REPORT

To the members of Wellspring Chinguacousy Foundation

Qualified Opinion

We have audited the financial statements of Wellspring Chinguacousy Foundation, ("the Foundation") which comprises the statement of financial position as at March 31, 2022, and the statement of revenues and expenditures, statement of changes in net assets and statement of 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 effect of the matter described in the "Basis for Qualified Opinion" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of Wellspring Chinguacousy Foundation as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives 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 Foundation.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statement of financial position as at March 31, 2022
- the donations revenue and excess (deficiency) of revenue over expenses reported in the statement of revenues and expenditures for the year ended March 31, 2022
- the unrestricted net assets at the beginning and end of the year reported in the statement of changes in net assets for the year ended March 31, 2022
- the excess (deficiency) of revenue over expenses reported in the statement of cash flows for the year ended March 31, 2022.

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 Foundation 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 of our opinion.

Responsibilities of Management and Those Charged with Governance of 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 of 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 Foundation'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 Foundation'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 Foundation 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 the 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.



Brampton, Ontario
September 7, 2022

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WELLSPRING CHINGUACOUSY FOUNDATION

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WELLSPRING CHINGUACOUSY FOUNDATION

Statement of Financial Position

March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 169,676	\$ 310,345
Term deposits (Note 4)	416,077	408,800
Accounts receivable	15,159	32,176
Inventories	-	3,787
Interest receivable	376	6,579
Prepaid expenses	27,539	4,245
	<u>628,827</u>	<u>765,932</u>
PROPERTY, PLANT AND EQUIPMENT (Note 6)	867,312	900,992
LONG-TERM INVESTMENTS (Note 5)	830,662	787,870
	<u>\$ 2,326,801</u>	<u>\$ 2,454,794</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 51,376	\$ 42,229
DEFERRED CONTRIBUTION CAPITAL ASSETS (Note 7)	491,193	522,223
LONG-TERM DEBT (Note 8)	40,000	40,000
	<u>582,569</u>	<u>604,452</u>
NET ASSETS		
Unrestricted Net Assets	(190,768)	(84,658)
Restricted Net Asset - Facility Reserve	235,000	235,000
Restricted Net Asset - Forever Fund	1,000,000	1,000,000
Restricted Net Asset - Endowment	700,000	700,000
	<u>1,744,232</u>	<u>1,850,342</u>
	<u>\$ 2,326,801</u>	<u>\$ 2,454,794</u>

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

WELLSPRING CHINGUACOUSY FOUNDATION**Statement of Revenues and Expenditures****Year Ended March 31, 2022**

	2022	2021
REVENUES		
Fundraising	\$ 59,361	\$ 212,071
Grant revenue	61,900	155,197
Receipted donations - cash	62,862	69,550
Investment income on endowment fund	58,731	129,882
Amortization of deferred contributions	31,030	30,868
Planned giving	70,000	-
Interest income	1,074	7,375
	<u>344,958</u>	<u>604,943</u>
EXPENSES		
Accounting fees	15,764	14,829
Amortization	33,680	33,504
Business taxes, licenses and memberships	277	-
Computer software	6,714	-
Consulting fees	107,697	12,993
Employee benefits	20,068	17,265
Fundraising	177	80,422
Insurance	11,663	11,302
Interest and bank charges	3,574	4,539
Investment management fees	16,763	15,408
Office and general	4,399	8,659
Property taxes	14,257	14,153
Repairs and maintenance	15,461	8,289
Salaries and wages	151,581	147,027
Telephone	10,140	10,235
Training	738	77
Utilities	8,566	5,991
Volunteer and outreach costs	10,578	3,980
Workshop expenses	38,765	46,852
	<u>470,862</u>	<u>435,525</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>(125,904)</u>	<u>169,418</u>
OTHER INCOME		
CEBA loan forgiveness income	-	20,000
Canada Emergency Rent Subsidy	877	2,019
Canada Emergency Wage Subsidy	13,540	61,443
Property tax rebate	5,377	5,415
	<u>19,794</u>	<u>88,877</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (106,110)</u>	<u>\$ 258,295</u>

WELLSPRING CHINGUACOUSY FOUNDATION

Statement of Changes in Net Assets

Year Ended March 31, 2022

	Unrestricted Net Assets	Restricted Net Asset - Facility Reserve	Restricted Net Asset - Forever Fund	Restricted Net Asset - Endowment	Total	Total
	2022	2022	2022	2022	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ (84,658)	\$ 235,000	\$ 1,000,000	\$ 700,000	\$ 1,850,342	\$ 1,592,047
Excess of revenue over expenses	(106,110)	-	-	-	(106,110)	258,295
NET ASSETS - END OF YEAR	\$ (190,768)	\$ 235,000	\$ 1,000,000	\$ 700,000	\$ 1,744,232	\$ 1,850,342

WELLSPRING CHINGUACOUSY FOUNDATION**Statement of Cash Flows****Year Ended March 31, 2022**

	Total	Total
	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (106,110)	\$ 258,295
Items not affecting cash:		
Amortization of property, plant and equipment	33,680	33,504
Amortization of deferred contributions	(31,030)	(30,868)
	<u>(103,460)</u>	260,931
Changes in non-cash working capital:		
Accounts receivable	17,017	(26,427)
Interest receivable	6,203	1,425
Inventories	3,787	(1,816)
Accounts payable and accrued liabilities	9,147	(10,062)
Prepaid expenses	(23,294)	23,265
Deferred income	-	2,774
	<u>12,860</u>	(10,841)
Cash flow from (used by) operating activities	<u>(90,600)</u>	250,090
INVESTING ACTIVITIES		
Long-term investments	(42,792)	(114,445)
Furniture and fixtures	-	(3,013)
Cash flow used by investing activities	<u>(42,792)</u>	(117,458)
FINANCING ACTIVITY		
Long-term debt issued	-	40,000
INCREASE (DECREASE) IN CASH FLOW	(133,392)	172,632
Cash - beginning of year	<u>719,145</u>	546,513
CASH - END OF YEAR	\$ 585,753	\$ 719,145
CASH CONSISTS OF:		
Cash	\$ 169,676	\$ 310,345
Term deposits	<u>416,077</u>	<u>408,800</u>
	\$ 585,753	\$ 719,145

See Notes to Financial Statements

WELLSPRING CHINGUACOUSY FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2022

1. PURPOSE AND LEGAL FORM OF THE FOUNDATION

The Wellspring Chinguacousy Foundation ("the Foundation") was founded on November 29, 2005 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 for people living with cancer; access to information and education for cancer care professionals in the Brampton, Caledon and surrounding area. Wellspring Chinguacousy was incorporated, without share capital, under the Ontario Corporations Act on June 28, 2006. It has status as a registered charity (#84934 9568 RR0001) under the Income Tax Act (Canada) and as such, is exempt from income taxes.

From its inception in 2005, Wellspring Chinguacousy's primary focus had been to develop a cancer support centre where its programs and services could be delivered. It acquired a building site in the spring of 2007 and commenced construction of the facility shortly thereafter. The official ribbon cutting ceremony to mark the facility's completion was held on April 8, 2008. With this event, Wellspring Chinguacousy's prime role shifted to conduct fundraising to support the ongoing operations of the cancer support centre, which is located at 5 Inspiration Way, in Brampton, Ontario.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Wellspring Chinguacousy Foundation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at the same rate as the underlying capital assets are amortized. Endowment contributions are recognized based on direct increases in net assets in the year.

Revenue from a fundraising event is recognized when the event is held.

Restricted net assets

- Net assets restricted for endowment purposes consist of the Chinguacousy Health Services Centre Fund endowment contributions of \$700,000, which have been invested and have a fair value of \$830,662 at March 31, 2022. Only the original investment of \$700,000 is externally restricted.
- The Net Assets Restricted for the Forever Fund are internally restricted and were established to provide for the longer term sustainability of the centre and to set aside funds sufficient to cover the equivalent of two years of operating costs.
- In July 2013, the Board authorized the creation of another class of internally restricted net assets, called the "Facility Reserve". The purpose of the Facility Reserve is to provide for future major repairs and replacements related to the facility.

(continues)

WELLSPRING CHINGUACOUSY FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2022

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

Inventories

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Capital assets

Capital assets are stated at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Buildings	30 years
Computer equipment	3 years
Furniture and fixtures	10 years

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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 that are measured at amortized cost include cash and cash equivalents, amounts receivable, and investments in bonds held to maturity.

Financial liabilities measured at amortized cost include all accounts payable and accrued liabilities.

Donated services and materials

Contributions of materials are recorded at fair market value when such value can be reasonably determined. Because of the difficulty of determining their fair value, contributions of services are therefore not reflected in these financial statements.

Cash and cash equivalents

The Foundation's policy is to present bank balances and money-market investments under cash and cash equivalents.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

WELLSPRING CHINGUACOUSY FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2022

4. TERM DEPOSITS

The term deposits are comprised of a one year cashable GIC of \$416,077 maturing May 5, 2022. The GIC bears interest at a rate of 0.100%.

5. LONG-TERM INVESTMENTS

	2022 Cost	2022 Market value	2021 Cost	2021 Market value
Cash and cash equivalent	\$ 11,904	\$ 11,904	\$ 7,051	\$ 7,051
Bonds and preferred shares	344,320	322,577	275,595	275,820
Canadian equities	178,456	238,166	108,475	145,467
US equities	121,388	189,211	182,385	254,324
International equities	67,467	68,804	100,653	105,208
	\$ 723,535	\$ 830,662	\$ 674,159	\$ 787,870

6. PROPERTY, PLANT AND EQUIPMENT

During 2006, land was donated to the Foundation to be used for the site of its present facility. The land was recorded at a value estimated by management to be its fair market value, based on the municipal assessment for property tax purposes. During 2008, a facility was constructed on the site by a home builder and a number of contractors at no charge. The facility was recorded at fair value, as estimated by the City of Brampton for the issuance of the building permit.

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 372,000	\$ -	\$ 372,000	\$ 372,000
Buildings	900,000	415,000	485,000	515,000
Computer equipment	19,939	19,573	366	2,290
Furniture and fixtures	85,949	76,003	9,946	11,702
	\$ 1,377,888	\$ 510,576	\$ 867,312	\$ 900,992

7. DEFERRED CONTRIBUTIONS RELATED TO DONATED CAPITAL ASSETS

Deferred contributions represent contributions and donations in-kind for the buildings and other assets. The change in the deferred contributions balance for the year is as follows:

	Opening Balance	Contributed Assets in Current Year	Current Year Amortization	2022	2021
Building	\$ 515,000	\$ -	\$ (30,000)	\$ 485,000	\$ 515,000
Furniture and fixtures	7,223	-	(1,030)	6,193	7,223
	\$ 522,223	\$ -	\$ (31,030)	\$ 491,193	\$ 522,223

WELLSPRING CHINGUACOUSY FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2022

8. LONG-TERM DEBT

In fiscal year 2021, the Foundation applied for and received the \$60,000 Canada Emergency Business Account (CEBA) loan. The CEBA is one of the Government of Canada's financial relief measures to support the operations of Canadian businesses that have been adversely affected by COVID-19 (Note 12). The loan is unsecured.

The CEBA is interest free until December 31, 2023. If the loan is repaid by December 31, 2023, only \$40,000 of the loan is repayable and the balance of \$20,000 will be forgiven. This \$20,000 is included in the Foundation's Statement of Revenues and Expenditures under Other Income in 2021. If the loan is not repaid by December 31, 2023, the full \$60,000 will be repayable over three years with a 5% interest rate.

9. INVESTMENT INCOME ON ENDOWMENT FUND

Investment income consists of the following:

	<u>2022</u>	<u>2021</u>
<u>Investment income</u>		
Interest and dividend income	\$ 18,094	\$ 19,771
Realized gains and losses on dispositions	57,931	16,136
Change in unrealized gains/(losses)	<u>(17,293)</u>	<u>93,975</u>
	<u>\$ 58,732</u>	<u>\$ 129,882</u>

WELLSPRING CHINGUACOUSY FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2022

10. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. Due to the nature of its investments, the Foundation's revenue may be significantly impacted by changes in interest rates and by stock market and foreign currency fluctuations. The following analysis provides information about the Foundation's risk exposure and concentration as of March 31, 2022.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Foundation manages this risk by regularly rebalancing its portfolio.

(b) Currency risk

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk as a result of investment in securities of foreign companies. The Foundation manages this risk by investing in securities of companies from a broad range of countries.

(c) 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 Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its investments in bonds and money-market instruments.

11. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that Wellspring Chinguacousy Foundation will continue to operate in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

As a non-profit organization, Wellspring Chinguacousy Foundation relies upon the continuing support of the public in the form of donations and other contributions in support of the Foundation's activities. Wellspring Chinguacousy Foundations' continued existence is dependent upon this ongoing support from the general public.

WELLSPRING CHINGUACOUSY FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2022

12. COVID-19 PANDEMIC

On March 11, 2020, the COVID-19 virus was declared a pandemic by the World Health Organization. Governments in Canada introduced a number of strict restrictions including the shutdown of non-essential services, travel restrictions and limits on the gathering of people. These restrictions impacted the operations of the Foundation.

The Foundation applied for government assistance programs offered to organizations impacted by the pandemic. The Foundation obtained the Canada Emergency Rent Subsidy and the Canada Emergency Wage Subsidy, which are included in the Foundation's Statement of Revenues and Expenditures in the current year. The Foundation also obtained the Canada Emergency Business Account loan which is included in long-term debt on the balance sheet.

Management considered the impact of COVID-19 in its assessment of the Foundation's assets and liabilities and its ability to continue as a going concern. The full impact of the COVID-19 pandemic on the Foundation remains unquantifiable as of the date of our audit engagement report.
