

Financial Statements of

**THE WELLSRING CANCER
SUPPORT FOUNDATION**

Year ended March 31, 2017



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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, 2017, 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, 2017 and March 31, 2016, 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, 2016.

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, 2017, 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 14, 2017
Toronto, Canada

THE WELLSPRING CANCER SUPPORT FOUNDATION

Statement of Financial Position

March 31, 2017, with comparative information for 2016



	2017	2016
Assets		
Current assets:		
Cash	\$ 140,876	\$ 97,336
Short-term investments (note 2)	3,340,315	4,027,360
Accounts receivable	106,089	219,663
Prepaid expenses and deposits	54,369	281,569
	<u>3,641,649</u>	<u>4,625,928</u>
Investments (note 3):		
Long-term investments	2,499,296	2,098,022
Endowment fund (note 3)	372,430	362,430
	<u>2,871,726</u>	<u>2,460,452</u>
Capital assets (note 4)	4,710,039	5,044,941
	<u>\$ 11,223,414</u>	<u>\$ 12,131,321</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued charges	\$ 751,262	\$ 1,049,814
Deferred revenue (note 5)	274,306	626,093
	<u>1,025,568</u>	<u>1,675,907</u>
Deferred contributions (note 6)	5,083,931	6,298,782
Net assets:		
Restricted (note 7)	1,610,466	1,600,466
Invested in capital assets	525,089	567,913
Unrestricted	2,978,360	1,988,253
	<u>5,113,915</u>	<u>4,156,632</u>
Commitments (note 8)		
	<u>\$ 11,223,414</u>	<u>\$ 12,131,321</u>

See accompanying notes to financial statements.

On behalf of the Board:

 _____ Director
 _____ Director

THE WELLSRING CANCER SUPPORT FOUNDATION

Statement of Operations

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Special events (note 9)	\$ 2,956,921	\$ 1,397,032
Donations (note 6)	2,810,735	2,721,483
Amortization of deferred contributions (note 6)	292,078	288,081
Social enterprise	26,176	14,011
Investment	181,263	369,389
Other	37,794	30,534
Unrealized gain on investments	323,663	—
	<u>6,628,630</u>	<u>4,820,530</u>
Expenses:		
Program	2,813,204	2,844,692
Fundraising	879,064	754,841
Special events	833,078	563,270
Administration	731,496	733,648
Amortization	371,648	342,734
Unrealized loss on investments	—	317,053
Public awareness	52,857	15,656
	<u>5,681,347</u>	<u>5,571,894</u>
Excess (deficiency) of revenue over expenses	<u>\$ 947,283</u>	<u>\$ (751,364)</u>

See accompanying notes to financial statements.

THE WELLSPRING CANCER SUPPORT FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2017, with comparative information for 2016

				2017	2016
	Restricted (note 7)	Invested in capital assets	Unrestricted	Total	Total
Net assets, beginning of year	\$ 1,600,466	\$ 567,913	\$ 1,988,253	\$ 4,156,632	\$ 4,897,996
Excess (deficiency) of revenue over expenses	–	(79,570)	1,026,853	947,283	(751,364)
Additions to endowments	10,000	–	–	10,000	10,000
Additions to capital assets	–	36,746	(36,746)	–	–
Net assets, end of year	\$ 1,610,466	\$ 525,089	\$ 2,978,360	\$ 5,113,915	\$ 4,156,632

See accompanying notes to financial statements.

THE WELLSPRING CANCER SUPPORT FOUNDATION

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 947,283	\$ (751,364)
Items not involving cash:		
Amortization of deferred contributions	(292,078)	(288,081)
Amortization	371,648	342,734
Deferred contribution redesignated as donation revenue	(986,253)	(1,015,384)
Unrealized loss (gain) on investments	(323,663)	317,053
	(283,063)	(1,395,042)
Change in non-cash operating working capital:		
Accounts receivable	113,574	(20,525)
Prepaid expenses and deposits	227,200	(215,639)
Accounts payable and accrued charges	(298,552)	406,983
Deferred revenue	(351,787)	563,672
	(592,628)	(660,551)
Financing activities:		
Deferred contributions received	63,480	77,040
Endowments received	10,000	-
	73,480	77,040
Investing activities:		
Decrease in short-term investments, net	687,045	1,775,885
Increase in long-term investments, net	(77,611)	(1,149,723)
Increase in endowment fund	(10,000)	-
Additions to capital assets	(36,746)	(38,540)
	562,688	587,622
Increase in cash	43,540	4,111
Cash, beginning of year	97,336	93,225
Cash, end of year	\$ 140,876	\$ 97,336

See accompanying notes to financial statements.

THE WELLSRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements

Year ended March 31, 2017

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 location in Brampton. All are separately incorporated. On February 1, 2015, the Foundation assumed management of Wellspring Chinguacousy.

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. 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.

THE WELLSRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

1. Significant accounting policies (continued):

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 WELLSRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

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:

	2017	2016
Money market funds	\$ 421,819	\$ 721,043
Short-term bond fund	2,918,496	3,306,317
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	\$ 3,340,315	\$ 4,027,360

THE WELLSRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

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.

	2017	2016
Canadian Equity Fund	\$ 1,036,860	\$ 899,669
Global Equity Fund	1,834,866	1,560,783
	\$ 2,871,726	\$ 2,460,452

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

4. Capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 369,498	\$ 318,670	\$ 50,828	\$ 37,627
Computer hardware	265,115	231,994	33,121	62,626
Leasehold improvements	6,249,254	1,812,183	4,437,071	4,755,669
Artwork	189,019	-	189,019	189,019
	\$ 7,072,886	\$ 2,362,847	\$ 4,710,039	\$ 5,044,941

5. Deferred revenue:

	2017	2016
Balance, beginning of year	\$ 626,093	\$ 62,421
Contributions received:		
Wellspring Henderson Hoedown	-	555,150
Peloton Challenge	48,015	12,479
Other	222,603	62,358
Amounts recognized as revenue:		
Wellspring Henderson Hoedown	(555,150)	-
Peloton Challenge	(12,479)	(27,936)
Other	(54,776)	(38,379)
Balance, end of year	\$ 274,306	\$ 626,093

THE WELLSPRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

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:

	2016	Additions	Amortization	Recognized as revenue (included in donations)	2017
Capital:					
Downtown Toronto	\$ 67,911	\$ -	\$ (13,874)	\$ -	\$ 54,037
Westerkirk House	2,295,953	-	(157,340)	-	2,138,613
Birmingham Gilgan House	2,038,584	-	(94,453)	-	1,944,131
Trillium Capital Grant	45,591	4,900	(20,307)	-	30,184
Other	28,990	-	(6,104)	-	22,886
	4,477,029	4,900	(292,078)	-	4,189,851
Operating:					
Westerkirk House	226,352	5,000	-	(231,352)	-
Birmingham Gilgan House	673,578	53,580	-	(604,935)	122,223
Chinguacousy	921,823	-	-	(149,966)	771,857
	1,821,753	58,580	-	(986,253)	894,080
	\$ 6,298,782	\$ 63,480	\$ (292,078)	\$ (986,253)	\$ 5,083,931

Deferred capital contributions include an unspent amount of \$4,900 (2016 - nil).

7. Restricted net assets:

	2017	2016
Externally restricted for endowment	\$ 372,430	\$ 362,430
Internally restricted	1,238,036	1,238,036
	\$ 1,610,466	\$ 1,600,466

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 WELLSPRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

8. Commitments:

The Foundation leases certain office equipment under operating leases expiring in 2017. Additionally, 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:

2018	\$ 168,800
2019	177,100
2020	173,300
2021	165,700
2022 and thereafter	248,500
	<hr/> \$ 933,400 <hr/>

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 was held in fiscal 2016 - 2017. This event occurred on April 14, 2016.

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 of revenue over expenses.

THE WELLSRING CANCER SUPPORT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

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 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.

11. Subsequent event:

On April 5, 2017, the Foundation established a \$10,000 externally held endowment fund with the Oakville Community Foundation. These funds are to be held in perpetuity in a permanent endowment fund known as the Wellspring Birmingham Gilgan House Fund.