

Wellspring London and Region

Financial Statements
December 31, 2020



Independent auditor's report

To the Board of Directors of Wellspring London and Region

Our qualified opinion

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 Wellspring London and Region (the Entity) as at December 31, 2020 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.

What we have audited

The Entity's financial statements comprise:

- the statement of financial position as at December 31, 2020;
- the statement of revenues and expenses for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

In common with many not-for-profit organizations, the Entity derives revenues from Cash donations 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to event fundraising, donations, and (deficiency) excess of revenues over expenses for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019 and net assets as at the beginning and the end of the years ended December 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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

PricewaterhouseCoopers LLP
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Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
April 29, 2021



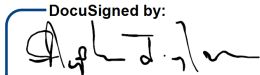
Wellspring London and Region

Statement of Financial Position

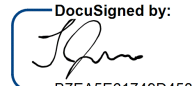
As at December 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash and cash equivalents (note 3)	332,006	531,623
Short-term investments (note 5)	375,000	125,000
Accounts receivable	16,025	17,588
Short-term interest receivable	3,247	2,286
Prepaid expenses and supplies	7,646	6,636
	<u>733,924</u>	<u>683,133</u>
Equipment (note 4)	25,631	-
Long-term investments (note 5)	-	125,000
Long-term interest receivable	-	<u>2,295</u>
Total assets	<u>759,555</u>	<u>810,428</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 6 and 8)	66,999	86,600
Deferred revenues	40,000	5,050
	<u>106,999</u>	<u>91,650</u>
Fund Balances	<u>652,556</u>	<u>718,778</u>
	<u>759,555</u>	<u>810,428</u>

Approved by the Board

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Director

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Director

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

Wellspring London and Region

Statement of Revenues and Expenses

For the year ended December 31, 2020

	2020 \$	2019 \$
Revenues		
Event fundraising	294,656	425,536
Donations	191,834	196,797
Grants	84,050	100,500
	<hr/>	<hr/>
Total revenues	570,540	722,833
	<hr/>	<hr/>
Expenses		
Salaries and benefits	363,323	320,576
Management services	74,553	116,722
Program costs	62,367	96,630
Contributions to upgrade facilities	53,913	45,657
Office	22,346	32,503
Event fundraising	30,684	26,539
Travel and development	5,584	18,653
Bank, professional and other fees	22,113	15,588
Amortization	5,126	-
	<hr/>	<hr/>
Total expenses	640,009	672,868
	<hr/>	<hr/>
	(69,469)	49,965
	<hr/>	<hr/>
Investment income	3,247	4,581
	<hr/>	<hr/>
(Deficiency) excess of revenues over expenses for the year	(66,222)	54,546
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The accompanying notes are an integral part of these financial statements.

Wellspring London and Region

Statement of Changes in Fund Balances

For the year ended December 31, 2020

	Operating fund \$	Internally restricted \$	2020 \$	2019 \$
Fund Balances – Beginning of year	674,262	44,516	718,778	664,232
(Deficiency) excess of revenues over expenses for the year	(69,063)	2,841	(66,222)	54,546
Fund Balances – End of year	605,199	47,357	652,556	718,778

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

Wellspring London and Region

Statement of Cash Flows

For the year ended December 31, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenues over expenses for the year	(66,222)	54,546
Items not requiring a current cash outlay		
Amortization	5,126	-
	(61,096)	54,546
Net change in non-cash working capital items		
Accounts receivable	1,563	(17,588)
Interest receivable	1,334	(4,581)
Prepaid expenses	(1,010)	(120)
Accounts payable and accrued liabilities	(19,601)	30,376
Deferred revenues	34,950	(8,180)
	(43,860)	54,453
Investing activities		
Purchase of equipment	(30,757)	-
Proceeds on investments	125,000	-
Purchase of investments	(250,000)	(250,000)
	(155,757)	(250,000)
Net change in cash and cash equivalents during the year	(199,617)	(195,547)
Cash and cash equivalents – Beginning of year	531,623	727,170
Cash and cash equivalents – End of year	332,006	531,623

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

Wellspring London and Region

Notes to Financial Statements

December 31, 2020

1 Nature of the organization

Wellspring London and Region (Wellspring) is a federally incorporated charitable organization registered under the Income Tax Act (Canada), and as such, is exempt from income taxes.

Wellspring is comprised of volunteers and professionals who provide programs and services to meet the needs of individuals, their families and caregivers affected by cancer.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO). Principles within the framework of the accounting policies are summarized below.

Fund accounting

Wellspring follows the deferral method of accounting for contributions. The operating fund represents the excess of revenue over expenses that are related to ongoing programs and activities of Wellspring. The internally restricted fund represents the excess of revenue over expenses that are related to Wellspring's efforts in the Stratford community.

Financial instruments

All financial instruments are initially recorded on the statement of financial position at fair value. They are subsequently measured at fair value or amortized cost depending on the classification selected for the financial instrument.

Wellspring has classified its financial instruments as follows:

Financial instrument	Classification
Cash and cash equivalents	Fair value
Investments	Amortized cost
Accounts receivable	Amortized cost
Interest receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial instruments consist of cash and cash equivalents, investments, accounts receivable, interest receivable, and accounts payable and accrued liabilities.

Wellspring London and Region

Notes to Financial Statements

December 31, 2020

Equipment

Purchased equipment are recorded at acquisition cost. Contributed equipment are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Office equipment and furniture	3 to 5 years
Computer equipment	3 to 5 years

Amortization is charged at half the annual rate in the year of acquisition.

Unearned revenue and revenue recognition

Unrestricted donations and grants are recognized as revenue in the period in which they are received. Externally restricted grants and donations are deferred upon receipt and brought into revenue as valid expenditures are incurred for that restricted use. Funds raised from third party events are recognized at the time of the receipt of the funds. Funds raised from in-house events are deferred until the time of the event, at which time they are recognized as revenue. Funds received after the event date are recognized at the time of receipt of funds.

Pledges, bequests and contributions receivable are not recognized until received as the collection of cash cannot be reasonably assured and the measurement of the amount cannot be reliably estimated.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date, as well as revenues and expenses for the year. Wellspring regularly assesses these estimates and, while actual results may differ, management believes the estimates are reasonable.

3 Cash and cash equivalents

	2020	2019
	\$	\$
Bank deposits	329,256	526,503
Deposits in transit	2,750	5,120
	<u>332,006</u>	<u>531,623</u>

Wellspring London and Region

Notes to Financial Statements

December 31, 2020

4 Equipment

Equipment consists of the following:

	2020		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Office equipment and furniture	61,200	35,569	25,631
Computer equipment	24,657	24,657	-
	<u>85,857</u>	<u>60,226</u>	<u>25,631</u>
	2019		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Office equipment and furniture	30,443	30,443	-
Computer equipment	24,657	24,657	-
	<u>55,100</u>	<u>55,100</u>	<u>-</u>

5 Investments

Wellspring holds the following non-restricted investments:

	2020	2019
	\$	\$
GIC with maturity date of April 8, 2020 and interest rate of 2.50%	-	125,000
GIC with maturity date of April 4, 2021 and interest rate of 0.85%	125,000	-
GIC with maturity date of November 18, 2021 and interest rate of 0.55%	125,000	-
GIC with maturity date of April 8, 2021 and interest rate of 2.51%	125,000	125,000
	<u>375,000</u>	<u>250,000</u>

Wellspring London and Region

Notes to Financial Statements

December 31, 2020

6 YMCA of Southwestern Ontario

Wellspring has an agreement with the YMCA of Southwestern Ontario (YSWO) to receive staff and management services, and to rent space within YSWO's facility. YSWO incurs the initial costs and then invoices Wellspring for the expenses incurred on a monthly basis. The five-year term is from January 1, 2020.

At December 31, 2020, Wellspring had an outstanding balance payable to YSWO of \$58,534 (2019 – \$71,439).

7 Financial instruments

Risk management

Wellspring may be exposed to risks of varying degrees of significance, which could affect its ability to achieve its objectives. The main objectives of Wellspring's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which Wellspring is exposed are described below.

a) Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on Wellspring's financial instruments. Wellspring has \$332,006 (2019 – \$531,623) in cash and cash equivalents at December 31, 2020, on which Wellspring earns variable rates of interest. Wellspring has \$375,000 (2019 – \$250,000) in investments at December 31, 2020, on which Wellspring earns fixed rates of interest. Wellspring has assessed its exposure to interest rate risk and has determined that such risk is minimal.

b) Credit risk

Credit risk is the risk of potential loss to Wellspring if a counterparty to a financial instrument fails to meet its contractual obligations. Wellspring's credit risk is primarily attributable to its accounts receivable.

Wellspring has assessed its exposure to credit risk and has determined that such risk is minimal. The majority of Wellspring's financial assets are held with a major financial institution.

c) Liquidity risk

Liquidity risk is the risk that Wellspring will not meet its financial obligations as they fall due.

Wellspring's objective in managing liquidity risk is to maintain sufficient available reserves in order to meet its liquidity requirements at any point in time. Wellspring's operating cash requirements, including amounts projected to complete its existing capital expenditure program and to meet contractual obligations, are continuously monitored and adjusted depending on cash flows generated.

8 Government remittances

Wellspring had \$nil (2019 – \$nil) unpaid government remittances due at December 31, 2020.

Wellspring London and Region

Notes to Financial Statements

December 31, 2020

9 COVID-19

Since March, 2020, the outbreak of the novel coronavirus, specifically identified as “COVID-19”, has resulted in governments enacting emergency measures to combat the spread of the virus. As such, Wellspring has suspended all onsite programs and services at the Wellspring Center. YSWO has agreed to a 50% reduction in the management services fee from April 2020 and for all of 2021. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Wellspring in future periods.

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