

**The Wellspring Niagara Cancer Support  
Foundation**

**Financial Statements**

**For the year ended December 31, 2022**

# The Wellspring Niagara Cancer Support Foundation

## Financial Statements

For the year ended December 31, 2022

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## Independent Auditor's Report

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### To the Members of The Wellspring Niagara Cancer Support Foundation

#### Qualified Opinion

We have audited the financial statements of **The Wellspring Niagara Cancer Support Foundation** ("the organization"), which comprise the statement of financial position as at December 31, 2022, and the statement of changes in net assets, statement of revenue and expenses - programs fund, statement of revenue and expenses - capital fund, statement of revenue and expenses - capital campaign fund, statement of revenue and expenses - endowment fund 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 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 The Wellspring Niagara Cancer Support Foundation as at December 31, 2022 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 Qualified Opinion

In common with many charitable organizations, The Wellspring Niagara Cancer Support Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, fundraising revenue, total revenue, excess of revenue over expenses and cash flows from operations for the year ended December 31, 2022 and opening and closing net assets, liabilities and net assets and total assets as at December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2021 was also 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 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.

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## Independent Auditor's Report

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### To the Members of The Wellspring Niagara Cancer Support Foundation (Continued)

#### 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 it 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 a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 a 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.

*Jones & O'Connell LLP*

Jones & O'Connell LLP  
Chartered Professional Accountants  
Licensed Public Accountants

March 27, 2023  
St. Catharines, Ontario

## The Wellspring Niagara Cancer Support Foundation

### Statement of Financial Position

December 31	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 431,078	\$ 505,097
Investments (Note 2)	6,157	19,898
Other receivable	-	12,376
HST rebate recoverable	10,819	15,109
Asset held for sale	26,200	26,200
Prepaid expenses	23,739	21,946
	497,993	600,626
<b>Restricted Cash</b>	<b>247,788</b>	<b>395,863</b>
<b>Property and Equipment (Note 3)</b>	<b>4,717,906</b>	<b>4,862,208</b>
	<b>\$ 5,463,687</b>	<b>\$ 5,858,697</b>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 21,459	\$ 36,304
Deferred revenue (Note 4)	-	14,500
Demand term loans (Note 5)	1,094,412	1,391,403
	1,115,871	1,442,207
<b>CEBA Loan (Note 6)</b>	<b>30,000</b>	<b>30,000</b>
	<b>1,145,871</b>	<b>1,472,207</b>
<b>Net Assets</b>		
Unrestricted:		
Programs fund	336,157	487,145
Internally Restricted:		
Capital fund	844,462	844,462
Capital campaign fund	2,870,727	2,803,000
Endowment fund	266,470	251,883
	3,981,659	3,899,345
	<b>4,317,816</b>	<b>4,386,490</b>
	<b>\$ 5,463,687</b>	<b>\$ 5,858,697</b>

Commitment (Note 8)

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements

## The Wellspring Niagara Cancer Support Foundation

### Statement of Changes in Net Assets

For the year ended December 31	2022	2021
<b>Unrestricted Funds</b>		
<b>Programs Fund</b>		
Balance, beginning of year	\$ 487,145	\$ 562,209
Excess of expenses over revenue	(136,621)	(60,854)
Transfer to endowment fund (Note 7)	(14,367)	(14,210)
	<b>336,157</b>	<b>487,145</b>
<b>Restricted Funds</b>		
<b>Capital Fund</b>		
Balance, beginning of year	844,462	844,462
Excess of revenue over expenses	-	-
	<b>844,462</b>	<b>844,462</b>
<b>Capital Campaign Fund</b>		
Balance, beginning of year	2,803,000	2,495,450
Excess of revenue over expenses	67,727	307,550
	<b>2,870,727</b>	<b>2,803,000</b>
<b>Endowment Fund</b>		
Balance, beginning of year	251,883	237,433
Excess of revenue over expenses	220	240
Transfer from programs fund (Note 7)	14,367	14,210
	<b>266,470</b>	<b>251,883</b>
<b>Total Net Assets</b>	<b>\$ 4,317,816</b>	<b>\$ 4,386,490</b>

The accompanying notes are an integral part of these financial statements

**The Wellspring Niagara Cancer Support Foundation**  
**Statement of Revenue and Expenses - Programs Fund**

<b>For the year ended December 31</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Donations	\$ 515,601	\$ 303,544
General fundraising (Note 10)	177,412	199,517
Interest	7,603	2,706
	<u>700,616</u>	<u>505,767</u>
<b>Expenses</b>		
Advertising	416	-
Amortization of property and equipment	160,960	151,953
Bank and interest charges	54,839	57,126
General fundraising (Note 11)	136,162	107,033
Insurance	35,090	30,375
Office and sundry	46,040	14,672
Professional fees	9,142	5,717
Programs (Note 12)	284,367	263,823
Public awareness (Note 13)	48,413	49,507
Repairs & maintenance	2,055	1,613
Salaries and benefits	30,734	32,203
Staff training	1,445	1,009
Volunteering (Note 14)	32,685	29,129
	<u>842,348</u>	<u>744,160</u>
<b>Excess of Expenses over Revenue before Other Income</b>	<b>(141,732)</b>	<b>(238,393)</b>
<b>Other Income</b>		
Insurance proceeds	5,111	-
Canada emergency wage subsidy	-	82,429
Canada emergency rent subsidy	-	53,061
Ontario small business grant	-	40,000
Ontario energy rebate	-	2,049
	<u>5,111</u>	<u>177,539</u>
<b>Excess of Expenses over Revenue</b>	<b>\$ (136,621)</b>	<b>\$ (60,854)</b>

The accompanying notes are an integral part of these financial statements

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**The Wellspring Niagara Cancer Support Foundation**  
**Statement of Revenue and Expenses - Capital Campaign Fund**

<b>For the year ended December 31</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Donations	\$ 67,727	\$ 307,550
<b>Excess of Revenue Over Expenses</b>	<b>\$ 67,727</b>	<b>\$ 307,550</b>

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**The Wellspring Niagara Cancer Support Foundation**  
**Statement of Revenue and Expenses - Endowment Fund**

<b>For the year ended December 31</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Donations	\$ 220	\$ 240
<b>Excess of Revenue Over Expenses</b>	<b>\$ 220</b>	<b>\$ 240</b>

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The accompanying notes are an integral part of these financial statements



# The Wellspring Niagara Cancer Support Foundation

## Statement of Cash Flows

For the year ended December 31	2022	2021
<b>Cash Provided By (Used In)</b>		
<b>Operating Activities</b>		
Excess of revenue over expenses (expenses over revenue)		
Programs fund	\$ (136,621)	\$ (60,854)
Capital campaign fund	67,727	307,550
Endowment fund	220	240
	(68,674)	246,936
Total Excess of Revenue over Expenses (Expenses over Revenue)	(68,674)	246,936
Add Back (Deduct) Non-Cash Items:		
Investments received as donation	(6,304)	(19,898)
Amortization of property and equipment	160,960	151,953
Changes in non cash working capital:		
Other receivable	12,376	(12,376)
Canada emergency wage subsidy receivable	-	6,523
HST rebate recoverable	4,290	(608)
Prepaid expenses	(1,793)	(3,570)
Accounts payable and accrued liabilities	(14,845)	(5,013)
Deferred revenue	(14,500)	(4,450)
	71,510	359,497
Cash provided by operating activities	71,510	359,497
<b>Investing Activities</b>		
Additions to property and equipment	(16,658)	(98,519)
Proceeds on sale of investments	20,045	-
	3,387	(98,519)
Cash provided by (used in) investing activities	3,387	(98,519)
<b>Financing Activities</b>		
Repayments on demand term loans	(296,991)	(295,335)
	(296,991)	(295,335)
Cash used in financing activities	(296,991)	(295,335)
<b>Decrease in Cash During the Year</b>	<b>(222,094)</b>	<b>(34,357)</b>
<b>Cash, beginning of year</b>	<b>900,960</b>	<b>935,317</b>
<b>Cash, end of year</b>	<b>\$ 678,866</b>	<b>\$ 900,960</b>
<b>Cash Consists of:</b>		
Cash	\$ 431,078	\$ 505,097
Restricted cash	247,788	395,863
	<b>\$ 678,866</b>	<b>\$ 900,960</b>

The accompanying notes are an integral part of these financial statements

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# The Wellspring Niagara Cancer Support Foundation

## Notes to Financial Statements

**December 31, 2022**

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### **Organization**

The Wellspring Niagara Cancer Support Foundation (the "organization") was incorporated August, 2000 under the laws of the Province of Ontario. The Foundation provides 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 the health care professionals, evaluation and research on the role of supportive care. The organization is a registered charitable organization and therefore is exempt from income tax under Section 149(1)(f) of the Canadian Income Tax Act.

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### **1. Significant Accounting Policies**

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

#### **Fund Accounting**

The organization follows the restricted fund method of accounting for contributions.

The Programs Fund is used to account for the organization's program related revenues and expenses.

The Capital Fund is used to account for donations and fundraising activities specifically designated for capital asset acquisition and maintenance.

The Capital Campaign Fund is used to account for donations and fundraising activities specifically designated for the Help Us Build Hope campaign to build the new location. Upon completion of the campaign and all pledge commitments received, the balance of the Capital Campaign Fund will be allocated amongst the other funds as deemed appropriate by the organization at that time.

The Endowment Fund is used to set aside 5% of every dollar of unrestricted donations received to create an avenue to limit the organization's requirement to solicit funds.

#### **Revenue Recognition**

Unrestricted contributions are recognized as revenue in the year received. Restricted contributions for which there is a restricted fund are recognized as revenue in the applicable fund in the year the contribution is received. Restricted contributions to the programs fund are recognized as revenue in the year when the related project or activity associated with the contribution has occurred. Donations in kind are recognized as revenue in the period received at an amount equal to the fair value of the donated item. Interest is recognized using the amortized cost method over the passage of time.

#### **Cash and Cash Equivalents**

The organization considers cash equivalents to be restricted cash held in the capital fund and endowment fund because, although these amounts are held for long-term internally restricted purposes, they could still be drawn upon if required by the organization.

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# The Wellspring Niagara Cancer Support Foundation

## Notes to Financial Statements

**December 31, 2022**

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### 1. Significant Accounting Policies (Continued)

#### Property and Equipment

Property and equipment is presented at cost less accumulated amortization and included as part of the programs fund. Property and equipment is amortized over their estimated useful lives using the following methods and annual rates.

Building	- 40 years straight line
Furniture and Equipment	- 5 years straight line
Gazebo and Garden	- 20 years straight line
Sidewalk	- 30 years straight line
Earthworks and Landscaping	- 30 years straight line
Irrigation System	- 20 years straight line

Additions during the year are amortized starting the month of acquisition. Disposals are amortized until the month of disposition. Amortization expense is included in the programs fund. Gains or losses on assets sold or otherwise disposed of are included in the capital fund. Assets under construction, which are not yet in use are amortized until complete and put in use.

#### Impairment of Long-Lived Assets

The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the item of property and equipment no longer has any long-term service potential to the organization, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its residual value. Impairment losses are included in the programs fund.

#### Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, other receivable and restricted cash.

Financial assets measured at fair value include investments, with any gains or losses being recognized in income for the year.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue, demand term loans and CEBA loan.

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# The Wellspring Niagara Cancer Support Foundation

## Notes to Financial Statements

**December 31, 2022**

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### 1. Significant Accounting Policies (Continued)

#### Asset Held for Sale

Asset held for sale, which is comprised of high value jewellery, is recorded at the lower of cost and net realizable value. Cost is equal to the fair value of the asset when it is donated. Net realizable value is defined as the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

#### Allocation of Expenses

The organization allocates the cost of salaries and benefits, rent, leasing and equipment, telephone and utilities, postage and courier, printing, supplies, bank charges and repairs and maintenance to different functions based on reasonable percentages determined by management and the board of directors. The expenses are allocated to administration, programs, volunteer, public awareness, fundraising or capital; allocated amounts are detailed in the financial statement notes.

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### 2. Investments

Investments in marketable securities were donated by donors during the year and not yet liquidated into cash as at the year end. The investments had fair market value \$6,157 (2021 - \$19,898) and a cost of \$6,157 (2021 - \$19,898).

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### 3. Property and Equipment

	2022		2021	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 5,013,551	\$ 496,842	\$ 4,516,709	\$ 4,637,768
Furniture and equipment	156,118	149,353	6,765	22,131
Gazebo and garden shed	18,980	1,680	17,300	18,249
Sidewalk	40,464	1,461	39,003	40,352
Earthworks and Landscaping	97,771	3,531	94,240	97,499
Irrigation System	46,402	2,513	43,889	46,209
	<b>\$ 5,373,286</b>	<b>\$ 655,380</b>	<b>\$ 4,717,906</b>	<b>\$ 4,862,208</b>

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### 4. Deferred Revenue

The organization has a deferred revenue balance of \$Nil (2021 - \$14,500) which relates to Gala events which were postponed due to the COVID-19 Pandemic. This amount consists of \$nil (2021 - \$14,000) of sponsorships and \$nil (2021 - \$500) of ticket sales.

# The Wellspring Niagara Cancer Support Foundation

## Notes to Financial Statements

**December 31, 2022**

### 5. Demand Term Loans

	2022	2021
Demand term loan, bearing interest at prime plus 0.5% (total currently 6.95%), interest payable monthly, annual payments of principal required by December 31st each calendar year as follows: 2023 - \$234,070, maturing December 31, 2023, secured as described below	\$ 234,070	\$ 484,070
Demand term loan, bearing interest at 3.59%, blended payments of principal and interest monthly of \$6,556 maturing November 12, 2023, secured as described below	<u>860,342</u>	<u>907,333</u>
	<b>\$ 1,094,412</b>	<b>\$ 1,391,403</b>

The above noted credit facilities are secured by a general security agreement registered in first position over all of the organization's present and after acquired personal property, a collateral leasehold mortgage in first position for \$4,000,000 on the building located at 50 Wellspring Way, Fonthill, Ontario, an assignment of the land-leasehold agreement and an assignment of insurance to the lender, listed as first loss payee.

Principal payments expected over the next year are as follows: 2023 - \$1,094,412

### 6. CEBA Loan

	2022	2021
Canada Emergency Business Account, initial \$40,000 line of credit converted into a loan, non-interest bearing up to December 31, 2023, 5% per annum starting on January 1, 2024; interest only payment, principal due on December 31, 2025. The loan may be repaid in total or any portion at any time at the option of the company, unsecured, net of forgivable portion of \$10,000.	<u>\$ 30,000</u>	<u>\$ 30,000</u>

Under the terms of the loan, if the outstanding principal, other than the amount of debt forgiveness, is repaid by December 31, 2023, the remaining principal amount of 25% of loan balance will be forgiven, provided that no default under the loan has occurred. In the event the principal, other than the amount of potential debt forgiveness, is not repaid by December 31, 2023, the full amount of the loan will be required to be repaid by December 31, 2025, with interest as noted above.

The principal repayments required over the next five years is as follows: 2023 - \$30,000.

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# The Wellspring Niagara Cancer Support Foundation

## Notes to Financial Statements

**December 31, 2022**

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### **7. Inter-Fund Transfers**

During the year, the organization transferred \$14,367 (2021 - \$14,210) from the programs fund to the endowment fund in accordance with the organization's endowment fund policy.

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### **8. Commitment**

The organization has a 20 year lease commitment with the Town of Pelham for use of land. Annual payments under the lease, which expires in 2037, amount to \$1. Upon expiration, the lease has an automatic renewal term of 20 years at the same annual rent.

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### **9. Financial Risks**

#### **Liquidity Risk**

The business of the organization necessitates the management of liquidity risk. Liquidity risk is the risk of being unable to meet anticipated daily financial obligations. There has been no change to this risk exposure from the prior year.

#### **Credit Risk**

The business of the organization necessitates the management of credit risk. Credit risk is the potential for loss due to the failure to realize on cash held with financial institutions. There has been no change to this risk exposure from the prior year.

#### **Market Risk**

The company holds a equity investments which leads to market risk. Market risk is the potential for loss due to a decline in market factors.

#### **Interest Rate Risk**

The organization is exposed to interest rate risks due to its demand term loans disclosed in Note 5. There has been no change to this risk exposure from the prior year.

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## The Wellspring Niagara Cancer Support Foundation

### Notes to Financial Statements

**December 31, 2022**

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#### 10. General Fundraising Revenue

	2022		2021
Gala	\$ 88,755	\$	200
General	8,358		8,704
Light up	32,142		81,820
Raffles & draw	38,665		32,672
March on Niagara	9,492		76,122
	\$ 177,412	\$	199,517

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#### 11. General Fundraising Expenses

	2022		2021
Advertising	\$ 2,800	\$	468
Gala	39,059		-
Handling charges	8,799		6,058
Office and sundry	8,563		14,303
Printing and postage	11,845		6,978
Rent	1,377		471
Salaries and benefits	39,200		54,831
Special events	3,586		5,675
Utilities	1,207		1,144
Travel	366		-
50/50 lottery	19,360		17,105
	\$ 136,162	\$	107,033

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#### 12. Program Expenses

	2022		2021
Bank and interest charges	\$ 6,705	\$	6,160
Leadership	64,801		40,690
Office and sundry	21,255		22,387
Printing and postage	5,248		3,314
Public education	2,044		124
Rent and property taxes	47,309		16,961
Repairs and maintenance	33,938		25,867
Salaries and benefits	82,521		128,875
Telephone and utilities	20,519		19,445
Travel	27		-
	\$ 284,367	\$	263,823

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## The Wellspring Niagara Cancer Support Foundation

### Notes to Financial Statements

**December 31, 2022**

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#### 13. Public Awareness Expenses

	2022		2021
Community outreach	\$ 2,898	\$	1,448
Office and sundry	1,153		1,153
Office supplies and newsletter	113		-
Salaries and benefits	33,023		40,651
Special events	9,994		5,081
Telephone & utilities	1,207		1,144
Travel	25		30
	\$ 48,413	\$	49,507

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#### 14. Volunteering Expenses

	2022		2021
Appreciation	\$ 149	\$	-
Office and sundry	2,055		1,613
Rent	1,314		471
Salaries and benefits	20,667		26,195
Telephone and utilities	850		850
Training	7,650		-
	\$ 32,685	\$	29,129