

**The Wellspring Niagara Cancer Support
Foundation**

Financial Statements

For the year ended December 31, 2021

The Wellspring Niagara Cancer Support Foundation

Financial Statements

For the year ended December 31, 2021

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Independent Auditor's Report

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, 2021, 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, 2021 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, 2021 and opening and closing net assets, liabilities and net assets and total assets as at December 31, 2021. Our audit opinion on the financial statements for the year ended December 31, 2020 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.

Independent Auditor's Report

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 28, 2022
St. Catharines, Ontario

The Wellspring Niagara Cancer Support Foundation

Statement of Financial Position

December 31	2021	2020
Assets		
Current Assets		
Cash	\$ 505,097	\$ 435,975
Investments (Note 2)	19,898	-
Other receivable	12,376	-
Canada emergency wage subsidy receivable	-	6,523
HST rebate recoverable	15,109	14,501
Asset held for sale	26,200	26,200
Prepaid expenses	21,946	18,376
	600,626	501,575
Restricted Cash	395,863	499,342
Property and Equipment (Note 3)	4,862,208	4,915,642
	\$ 5,858,697	\$ 5,916,559
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 36,304	\$ 41,317
Deferred revenue (Note 4)	14,500	18,950
Demand term loans (Note 5)	1,391,403	1,686,738
	1,442,207	1,747,005
CEBA Loan (Note 6)	30,000	30,000
	1,472,207	1,777,005
Net Assets		
Unrestricted:		
Programs fund	487,145	562,209
Internally Restricted:		
Capital fund	844,462	844,462
Capital campaign fund	2,803,000	2,495,450
Endowment fund	251,883	237,433
	3,899,345	3,577,345
	4,386,490	4,139,554
	\$ 5,858,697	\$ 5,916,559

Commitment (Note 9)

Contingency (Note 10)

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	2021	2020
Unrestricted Funds		
Programs Fund		
Balance, beginning of year	\$ 562,209	\$ 723,069
Excess of revenue over expenses (expenses over revenue)	(60,854)	(146,872)
Transfer to endowment fund (Note 7)	(14,210)	(13,988)
Balance, end of year	487,145	562,209
Restricted Funds		
Capital Fund		
Balance, beginning of year	844,462	844,462
Excess of revenue over expenses	-	-
Balance, end of year	844,462	844,462
Capital Campaign Fund		
Balance, beginning of year	2,495,450	2,118,960
Excess of revenue over expenses	307,550	376,490
Balance, end of year	2,803,000	2,495,450
Endowment Fund		
Balance, beginning of year	237,433	223,205
Excess of revenue over expenses	240	240
Transfer from programs fund (Note 7)	14,210	13,988
Balance, end of year	251,883	237,433
Total Net Assets	\$ 4,386,490	\$ 4,139,554

The accompanying notes are an integral part of these financial statements

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

For the year ended December 31	2021	2020
Revenue		
Donations	\$ 303,544	\$ 306,523
General fundraising (Note 13)	199,517	106,236
Interest	2,706	4,369
	<u>505,767</u>	<u>417,128</u>
Expenses		
Advertising	-	188
Amortization of property and equipment	151,953	147,659
Bank and interest charges	57,126	51,211
General fundraising (Note 14)	107,033	42,152
Insurance	30,375	26,701
Office and sundry	14,672	20,946
Professional fees	5,717	7,296
Programs (Note 15)	263,823	290,537
Public awareness (Note 16)	49,507	36,619
Repairs & maintenance	1,613	-
Salaries and benefits	32,203	27,722
Staff training	1,009	220
Travel	-	18
Volunteering (Note 17)	29,129	22,994
	<u>744,160</u>	<u>674,263</u>
Excess of Expenses over Revenue before Other Income	(238,393)	(257,135)
Other Income		
Temporary wage subsidy	-	1,900
Canada emergency wage subsidy (Note 8)	82,429	98,363
Canada emergency rent subsidy (Note 8)	53,061	-
Ontario small business grant (Note 8)	40,000	-
Forgivable portion of the CEBA loan (Note 6)	-	10,000
Ontario energy rebate	2,049	-
	<u>177,539</u>	<u>110,263</u>
Excess of Expenses over Revenue	\$ (60,854)	\$ (146,872)

The accompanying notes are an integral part of these financial statements

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

For the year ended December 31	2021	2020
Excess of Revenue Over Expenses	\$ -	\$ -

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

For the year ended December 31	2021	2020
Revenue		
Donations	\$ 307,550	\$ 442,872
Expenses		
Bank and interest charges	-	13,903
General fundraising	-	2,150
Office and sundry	-	1,591
Professional fees	-	113
Salaries and benefits	-	47,297
Telephone and utilities	-	1,328
	-	66,382
Excess of Revenue Over Expenses	\$ 307,550	\$ 376,490

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

For the year ended December 31	2021	2020
Revenue		
Donations	\$ 240	\$ 240
Excess of Revenue Over Expenses	\$ 240	\$ 240

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 2021 2020

Cash Provided By (Used In)

Operating Activities

Excess of revenue over expenses (expenses over revenue)

Programs fund	\$	(60,854)	\$	(146,872)
Capital fund		-		-
Capital campaign fund		307,550		376,490
Endowment fund		240		240

Total Excess of Revenue over Expenses 246,936 229,858

Add Back (Deduct) Non-Cash Items:

Investments received as donation	(19,898)	-
Property and equipment received as a donation	-	(63,905)
Amortization of property and equipment	151,953	147,659
Forgivable portion of CEBA loan	-	(10,000)

Changes in non cash working capital:

Other receivable	7,522	-
Canada emergency wage subsidy receivable	6,523	(6,523)
HST rebate recoverable	(608)	52,804
Prepaid expenses	(3,570)	1,357
Accounts payable and accrued liabilities	(5,013)	30,956
Deferred revenue	(4,450)	16,096

Cash provided by operating activities 359,497 398,302

Investing Activities

Additions to property and equipment (98,519) (122,796)

Cash used in investing activities (98,519) (122,796)

Financing Activities

Repayments on demand term loans (295,335) (369,338)

Advances from CEBA loan 40,000

Cash used in financing activities (295,335) (329,338)

Decrease in Cash During the Year (34,357) (53,832)

Cash, beginning of year 935,317 989,149

Cash, end of year \$ 900,960 \$ 935,317

Cash Consists of:

Cash	\$	505,097	\$	435,975
Restricted cash		395,863		499,342
		<u>900,960</u>		<u>935,317</u>

The accompanying notes are an integral part of these financial statements

The Wellspring Niagara Cancer Support Foundation

Notes to Financial Statements

December 31, 2021

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.

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.

The Wellspring Niagara Cancer Support Foundation

Notes to Financial Statements

December 31, 2021

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.

The Wellspring Niagara Cancer Support Foundation

Notes to Financial Statements

December 31, 2021

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.

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 \$19,898 (2020 - \$nil) and a cost of \$19,898 (2020 - \$nil). The investments were sold after the year for total proceeds of \$19,472, net of brokerage commissions and fees.

3. Property and Equipment

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 5,009,289	\$ 371,521	\$ 4,637,768	\$ 4,763,000
Furniture and equipment	143,722	121,591	22,131	40,260
Gazebo and garden shed	18,980	731	18,249	14,213
Sidewalk	40,464	112	40,352	30,455
Earthworks and Landscaping	97,771	272	97,499	24,197
Irrigation System	46,402	193	46,209	43,517
	\$ 5,356,628	\$ 494,420	\$ 4,862,208	\$ 4,915,642

4. Deferred Revenue

The organization has a deferred revenue balance of \$14,500 (2020 - \$18,950) which relates to Gala events which were postponed due to the COVID-19 Pandemic. This amount consists of \$14,000 (2020 - \$14,000) of sponsorships and \$500 (2020 - \$4,950) of ticket sales.

The Wellspring Niagara Cancer Support Foundation

Notes to Financial Statements

December 31, 2021

5. Demand Term Loans

	2021	2020
Demand term loan, bearing interest at prime plus 0.5% (total currently 2.95%), interest payable monthly, annual payments of principal required by December 31st each calendar year as follows: 2022 - \$250,000 and 2023 - \$234,070, maturing December 31, 2023, secured as described below	\$ 484,070	\$ 734,070
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	907,333	952,668
	\$ 1,391,403	\$ 1,686,738

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 two years are as follows: 2022 - \$296,988 and 2023 - \$1,094,415.

6. CEBA Loan

	2021	2020
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.	\$ 30,000	\$ 30,000

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.

The Wellspring Niagara Cancer Support Foundation

Notes to Financial Statements

December 31, 2021

7. Inter-Fund Transfers

During the year, the organization transferred \$14,210 (2020 - \$13,988) from the programs fund to the endowment fund in accordance with the organization's endowment fund policy.

8. Government Assistance

Government assistance received related to Canada wage subsidies, business support grants and Canada rent subsidies could be repayable if it is found the company did not meet the required criteria.

9. 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.

The organization also has a lease commitment with Xerox for the use of a Xerox machine. Future minimum payment required over the next four years are as follows: 2022 - \$3,991, 2023 - \$3,991, 2024 - \$3,991 and 2025 - \$1,996.

10. Contingency

The spread of COVID-19 has severely impacted many local economies around the globe. Businesses are being forced to limit operations for long periods of time. Measures taken to contain the spread of the virus have triggered significant disruptions to businesses worldwide, resulting in an economic shutdown. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the entity for future periods.

11. 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.

The Wellspring Niagara Cancer Support Foundation

Notes to Financial Statements

December 31, 2021

11. Financial Risks (Continued)

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.

12. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statements presentation adopted in the current year.

13. General Fundraising Revenue

	2021		2020
Gala	\$ 200	\$	-
General	8,704		11,931
Light up	81,820		64,494
Raffles & draw	32,672		536
Winter walk	-		29,275
March on Niagara	76,122		-
	\$ 199,518	\$	106,236

14. General Fundraising Expenses

	2021		2020
Advertising	\$ 468	\$	-
Gala	-		3,111
Handling charges	6,058		3,324
Office and sundry	14,303		7,928
Printing and postage	6,978		2,894
Rent	471		1,418
Salaries and benefits	54,831		22,445
Special events	5,675		885
Utilities	1,144		-
Travel	-		147
50/50 lottery	17,105		-
	\$ 107,033	\$	42,152

The Wellspring Niagara Cancer Support Foundation

Notes to Financial Statements

December 31, 2021

15. Program Expenses

	2021		2020
Bank and interest charges	\$ 6,160	\$	4,404
Leadership	40,690		45,773
Office and sundry	22,387		21,215
Printing and postage	3,314		3,934
Public education	124		(34)
Rent and property taxes	16,961		51,033
Repairs and maintenance	25,867		22,267
Salaries and benefits	128,875		120,685
Telephone and utilities	19,445		21,243
Travel	-		17
	\$ 263,823	\$	290,537

16. Public Awareness Expenses

	2021		2020
Community outreach	\$ 1,448	\$	1,748
Office and sundry	1,153		230
Office supplies and newsletter	-		1,632
Salaries and benefits	40,651		32,514
Special events	5,081		460
Telephone & utilities	1,144		-
Travel	30		35
	\$ 49,507	\$	36,619

17. Volunteering Expenses

	2021		2020
Appreciation	\$ -	\$	1,062
Office and sundry	1,613		318
Rent	471		1,418
Salaries and benefits	26,195		18,003
Telephone and utilities	850		2,193
	\$ 29,129	\$	22,994