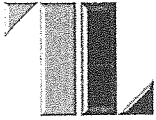


WELLWOOD RESOURCE CENTRE OF HAMILTON

FINANCIAL STATEMENTS

MARCH 31, 2013



TAYLOR LEIBOW LLP
ACCOUNTANTS AND ADVISORS

AN INDEPENDENT MEMBER OF DFK INTERNATIONAL

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Wellwood Resource Centre of Hamilton:

We have audited the accompanying financial statements of Wellwood Resource Centre of Hamilton, which comprise the statement of financial position as at March 31, 2013, and the statements of operations, changes in fund balances and cash flows for the year then ended, and 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.

Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the Organization'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 Organization'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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenditures and cash flows from operations for the year ended March 31, 2013, current assets as at March 31, 2013 and fund balances as at April 1, 2012 and March 31, 2013.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Wellwood Resource Centre of Hamilton as at March 31, 2013, 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that the Organization adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. This note contains the opening statement of financial position at the transition date. These standards were applied retrospectively by management to the opening statement of financial position and to the comparative information in these financial statements, including the statement of financial position as at March 31, 2012, and the statements of operations, changes in fund balances and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Paylor Leibow LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Hamilton, Ontario
June 19, 2013

WELLWOOD RESOURCE CENTRE OF HAMILTON
STATEMENT OF FINANCIAL POSITION

As at March 31

| | 2013 | 2012 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 81,404 | 31,724 |
| Short-term investments | 2,267,952 | 2,110,176 |
| Accounts receivable | 3,084 | 10,660 |
| Inventories | 919 | 939 |
| Prepaid expenses and deposits | 6,166 | 8,411 |
| | 2,359,525 | 2,161,910 |
| CAPITAL ASSETS (Note 4) | 1,430,639 | 1,361,876 |
| INCORPORATION COSTS | 684 | 684 |
| | 3,790,848 | 3,524,470 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable (Note 5) | 134,027 | 14,732 |
| DEFERRED CONTRIBUTIONS (Note 6) | 19,970 | 20,823 |
| | 153,997 | 35,555 |
| FUND BALANCES | | |
| INVESTED IN CAPITAL ASSETS | 1,430,639 | 1,361,876 |
| EXTERNALLY RESTRICTED (Note 7) | 2,002,000 | 2,002,000 |
| UNRESTRICTED | 204,212 | 125,039 |
| | 3,636,851 | 3,488,915 |
| | 3,790,848 | 3,524,470 |

(See accompanying Notes to Financial Statements)

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

**WELLWOOD RESOURCE CENTRE OF HAMILTON
STATEMENT OF CHANGES IN FUND BALANCES**

| | Year ended March 31 | | | | |
|---|---------------------|----------------------------|--------------|------------------|------------------|
| | General Fund | Invested in Capital Assets | Capital Fund | Endowment Fund | Total |
| | \$ | \$ | \$ | \$ | \$ |
| FUND BALANCES, BEGINNING OF YEAR | 125,039 | 1,361,876 | - | 2,002,000 | 3,488,915 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 152,855 | (61,353) | 56,434 | - | 147,936 |
| INTERFUND TRANSFERS (Note 8) | (60,134) | - | 60,134 | - | - |
| INVESTMENT IN CAPITAL ASSETS | (13,548) | 130,116 | (116,568) | - | - |
| FUND BALANCES, END OF YEAR | 204,212 | 1,430,639 | - | 2,002,000 | 3,636,851 |
| | | | | | 3,488,915 |

(See accompanying Notes to Financial Statements)

WELLWOOD RESOURCE CENTRE OF HAMILTON
STATEMENT OF OPERATIONS

Year ended March 31

| | General Fund \$ | Capital Fund \$ | Total 2013 \$ | Total 2012 \$ |
|---|-----------------------|-----------------------|---------------------|---------------------|
| REVENUES | | | | |
| Donations | 133,291 | 60,000 | 193,291 | 67,371 |
| Donations in kind | - | - | - | 12,704 |
| Trillium Foundation grant | - | - | - | 4,446 |
| Partnership funds | 75,000 | - | 75,000 | 75,000 |
| Fundraising and other income | 66,097 | - | 66,097 | 57,359 |
| Investment income | 59,745 | - | 59,745 | 60,515 |
| Realized and unrealized gain on investments | 153,960 | - | 153,960 | 52,367 |
| | 488,093 | 60,000 | 548,093 | 329,762 |
| EXPENDITURES | | | | |
| Advertising, travel and promotion | 1,848 | - | 1,848 | 1,978 |
| Fundraising expenses | 27,056 | 1,340 | 28,396 | 23,064 |
| Insurance | 10,344 | - | 10,344 | 10,167 |
| Miscellaneous | 1,781 | - | 1,781 | 2,496 |
| Office expenses | 46,850 | 2,226 | 49,076 | 45,090 |
| Printing, postage and courier | 7,435 | - | 7,435 | 6,451 |
| Professional fees | 24,874 | - | 24,874 | 27,959 |
| Volunteer expenses | 5,637 | - | 5,637 | 4,192 |
| Wages and benefits | 209,413 | - | 209,413 | 195,787 |
| | 335,238 | 3,566 | 338,804 | 317,184 |
| EXCESS OF REVENUES OVER EXPENDITURES BEFORE AMORTIZATION | 152,855 | 56,434 | 209,289 | 12,578 |
| AMORTIZATION | (61,353) | - | (61,353) | (60,111) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 91,502 | 56,434 | 147,936 | (47,533) |

(See accompanying Notes to Financial Statements)

WELLWOOD RESOURCE CENTRE OF HAMILTON
STATEMENT OF CASH FLOWS

| | <i>Year ended March 31</i> | |
|---|----------------------------|-----------------|
| | 2013 | 2012 |
| | \$ | \$ |
| CASH PROVIDED BY (USED IN): | | |
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenditures | 147,936 | (47,533) |
| Items not involving cash: | | |
| Amortization | 61,353 | 60,111 |
| Realized and unrealized gain on investments | (153,960) | (52,367) |
| | 55,329 | (39,789) |
| Changes in non-cash working capital (<i>Note 9</i>) | 129,136 | (62,885) |
| | 184,465 | (102,674) |
| FINANCING ACTIVITIES | | |
| Increase (decrease) in deferred contributions | (853) | 14,577 |
| INVESTING ACTIVITIES | | |
| Decrease (increase) in short-term investments | (3,816) | 166,996 |
| Purchase of capital assets | (130,116) | (130,096) |
| | (133,932) | 36,900 |
| INCREASE (DECREASE) IN CASH | 49,680 | (51,197) |
| CASH, BEGINNING OF YEAR | 31,724 | 82,921 |
| CASH, END OF YEAR | 81,404 | 31,724 |

(See accompanying Notes to Financial Statements)

WELLWOOD RESOURCE CENTRE OF HAMILTON
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2013

1. PURPOSE OF ORGANIZATION

The Organization is a not-for-profit organization which is committed to enhancing the quality of life and providing support programs for people living with and affected by cancer. Wellwood Resource Centre of Hamilton is a charitable organization incorporated without share capital under the Laws of Ontario and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at fair value include short-term investments.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

WELLWOOD RESOURCE CENTRE OF HAMILTON
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING

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

The General Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants and donations.

The Capital Fund reports only restricted resources that are to be used for the hospital-based site expansion.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is to be used for the sustainability of the Organization.

CAPITAL ASSETS AND AMORTIZATION

Capital assets are recorded at cost. An impairment loss is recognized when a capital asset no longer has any long-term service potential to the Organization. Amortization is provided for at the following methods and rates which are designed to charge the cost of capital assets to income over their estimated useful lives:

| | | |
|--------------------------------------|----------|---------------------|
| Building | 40 years | straight-line |
| Landscaping | 10 years | straight-line |
| Leasehold improvements | 15 years | straight-line |
| Parking lot | 8% | diminishing balance |
| Signage | 20% | diminishing balance |
| Furniture and equipment | 20% | diminishing balance |
| Computer and communication equipment | 20 - 55% | diminishing balance |
| Computer software | 45% | diminishing balance |

REVENUE RECOGNITION

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund as it is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources must be used for the sustainability of the Organization and is recognized as revenue of the General Fund.

TRANSLATION OF FOREIGN CURRENCIES

All foreign denominated monetary assets and liabilities are translated at the exchange rate prevailing at the year end and revenue and expenses (other than amortization) at average rates of exchange during the period. Exchange gains and losses arising on the translation of the accounts are included in income. Non-monetary assets and liabilities are translated at historical rates of exchange.

WELLWOOD RESOURCE CENTRE OF HAMILTON
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2013

3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

The Organization has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

These financial statements are the first financial statements for which the entity has applied ASNPO.

The financial statements for the year ended March 31, 2013 were prepared in accordance with the accounting principles and provisions set out in First-Time Adoption by Not-For-Profit Organizations, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statements for the current or previous year end. Certain financial information of the prior year has been re-stated in order to conform with the presentation adopted in the current reporting period.

| OPENING STATEMENT OF FINANCIAL POSITION | As at April 1 |
|---|------------------|
| | 2011 |
| | \$ |
| ASSETS | |
| CURRENT | |
| Cash | 82,921 |
| Short-term investments | 2,224,805 |
| Accounts receivable | 10,213 |
| Inventories | 994 |
| Prepaid expenses and deposits | 37,767 |
| | 2,356,700 |
| CAPITAL ASSETS | 1,291,891 |
| INCORPORATION COSTS | 684 |
| | 3,649,275 |
| LIABILITIES | |
| CURRENT | |
| Accounts payable | 106,581 |
| DEFERRED CONTRIBUTIONS | 6,246 |
| | 112,827 |
| FUND BALANCES | |
| INVESTED IN CAPITAL ASSETS | 1,291,891 |
| EXTERNALLY RESTRICTED | 2,002,000 |
| UNRESTRICTED | 242,557 |
| | 3,536,448 |
| | 3,649,275 |

WELLWOOD RESOURCE CENTRE OF HAMILTON
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2013

4. CAPITAL ASSETS

| | 2013 | | | 2012 |
|--|------------------|-----------------------------------|------------------|------------------|
| | Cost \$ | Accumulated amortization \$ | Net \$ | Net \$ |
| Building | 1,136,098 | 83,901 | 1,052,197 | 1,080,599 |
| Landscaping | 92,586 | 20,351 | 72,235 | 79,415 |
| Leasehold improvements | 109,673 | 1,652 | 108,021 | - |
| Parking lot | 16,786 | 1,961 | 14,825 | 16,115 |
| Signage | 20,827 | 4,920 | 15,907 | 8,249 |
| Furniture and equipment | 86,715 | 31,918 | 54,797 | 58,390 |
| Artwork and antiques | 102,200 | - | 102,200 | 102,200 |
| Computer and communications equipment | 40,805 | 30,588 | 10,217 | 16,138 |
| Computer software | 1,807 | 1,567 | 240 | 770 |
| | 1,607,497 | 176,858 | 1,430,639 | 1,361,876 |

5. ACCOUNTS PAYABLE

Included in the balance of accounts payable are other government remittances totalling \$3,738 (2011 - \$2,939).

6. DEFERRED CONTRIBUTIONS

The deferred contributions reported in the General Fund for the current year represents unspent resources relating to restricted donations and sponsorships received in the current period that is related to the subsequent period. Changes in deferred contributions balance are as follows:

| | 2013 \$ | 2012 \$ |
|---|------------|------------|
| Deferred contributions, beginning of year | 20,823 | 6,246 |
| Donations revenue received during the year that are externally restricted | 5,300 | 23,423 |
| Fundraising revenue received during the year for next year's event | 1,500 | - |
| Recognized as revenue during the year | (7,653) | (8,846) |
| Deferred contributions, end of year | 19,970 | 20,823 |

7. EXTERNALLY RESTRICTED NET ASSETS

Net assets restricted for endowment purposes is subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income on this amount is externally restricted for stability purposes.

WELLWOOD RESOURCE CENTRE OF HAMILTON
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2013

8. INTERFUND TRANSFERS

During the year, \$60,134 (2012 - \$NIL) was transferred from the General Fund to the Capital Fund in order to fund the cash outlays for capital asset acquisitions.

9. CHANGES IN NON-CASH WORKING CAPITAL

| | 2013 | 2012 |
|-------------------------------|----------------|-----------------|
| | \$ | \$ |
| Accounts receivable | 7,576 | (447) |
| Inventories | 20 | 55 |
| Prepaid expenses and deposits | 2,245 | 29,356 |
| Accounts payable | 119,295 | (91,849) |
| | <u>129,136</u> | <u>(62,885)</u> |

10. FINANCIAL INSTRUMENTS

FOREIGN EXCHANGE RISK

The Organization holds United States denominated short-term investments and is therefore subject to foreign exchange fluctuations. The Organization manages this risk by monitoring its United States dollar investments. As at March 31, 2013, the Organization has United States denominated cash and short-term investments in the amount of \$1,786 and \$559,732, respectively.

MARKET RISK

The Organization is exposed to market risk through its investments quoted in an active market. The Organization's investment portfolio is well diversified and there is no significant concentration of market risk.