

WELLWOOD RESOURCE CENTRE OF HAMILTON

FINANCIAL STATEMENTS

MARCH 31, 2019



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:

Opinion

We have audited the financial statements of Wellwood Resource Centre of Hamilton, which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 qualified 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 (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 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 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 communicated 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.

Paylor Leibow LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Hamilton, Ontario
June 20, 2019

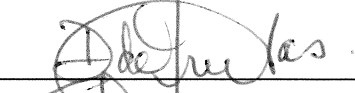
WELLWOOD RESOURCE CENTRE OF HAMILTON
STATEMENT OF FINANCIAL POSITION

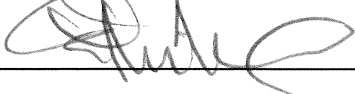
As at March 31

	2019	2018
	\$	\$
ASSETS		
CURRENT		
Cash	29,294	48,492
Short-term investments	2,135,965	2,088,216
Accounts receivable	7,686	6,961
Inventories	1,185	465
Prepaid expenses and deposits	9,499	45,584
	2,183,629	2,189,718
CAPITAL ASSETS (Note 3)	1,154,720	1,171,674
	3,338,349	3,361,392
LIABILITIES		
CURRENT		
Accounts payable (Note 4)	23,611	54,476
DEFERRED CONTRIBUTIONS (Note 5)	49,646	43,578
	73,257	98,054
FUND BALANCES		
INVESTED IN CAPITAL ASSETS	1,154,720	1,171,674
EXTERNALLY RESTRICTED (Note 6)	2,079,687	2,079,687
UNRESTRICTED	30,685	11,977
	3,265,092	3,263,338
	3,338,349	3,361,392

(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

	<i>Year ended March 31</i>				
	General Fund		Endowment Fund	Total 2019	Total 2018
	Unrestricted	Invested in Capital Assets			
	\$	\$	\$	\$	\$
FUND BALANCES, BEGINNING OF YEAR	11,977	1,171,674	2,079,687	3,263,338	3,466,466
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	56,800	(55,046)	-	1,754	(203,128)
INVESTMENT IN CAPITAL ASSETS	(38,092)	38,092	-	-	-
FUND BALANCES, END OF YEAR	30,685	1,154,720	2,079,687	3,265,092	3,263,338

(See accompanying Notes to Financial Statements)

WELLWOOD RESOURCE CENTRE OF HAMILTON
STATEMENT OF OPERATIONS

Year ended March 31

	General Fund \$	Endowment Fund \$	Total 2019 \$	Total 2018 \$
REVENUES				
Donations	101,006	-	101,006	81,309
Fundraising and other income	189,647	-	189,647	174,305
Investment income	49,044	-	49,044	49,280
Realized gain on investments	76,082	-	76,082	63,663
	415,779	-	415,779	368,557
EXPENDITURES				
Advertising, travel and promotion	635	-	635	1,284
Fundraising expenses	44,164	-	44,164	42,246
Insurance	12,150	-	12,150	11,807
Miscellaneous	2,223	-	2,223	1,891
Office expenses	61,808	-	61,808	60,537
Printing, postage and courier	5,238	-	5,238	6,015
Professional fees	39,151	-	39,151	40,976
Volunteer expenses	7,994	-	7,994	4,349
Wages and benefits	223,078	-	223,078	268,541
	396,441	-	396,441	437,646
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE AMORTIZATION AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	19,338	-	19,338	(69,089)
AMORTIZATION	(55,046)	-	(55,046)	(55,470)
UNREALIZED GAIN (LOSS) ON INVESTMENTS	37,462	-	37,462	(78,569)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,754	-	1,754	(203,128)

(See accompanying Notes to Financial Statements)

WELLWOOD RESOURCE CENTRE OF HAMILTON
STATEMENT OF CASH FLOWS

	<i>Year ended March 31</i>	
	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	1,754	(203,128)
Items not involving cash:		
Amortization	55,046	55,470
Realized gain on investments	(76,082)	(63,663)
Unrealized loss (gain) on investments	(37,462)	78,569
	(56,744)	(132,752)
Changes in non-cash working capital (<i>Note 7</i>)	3,775	(6,576)
	(52,969)	(139,328)
FINANCING ACTIVITIES		
Increase in deferred contributions	6,068	16,407
INVESTING ACTIVITIES		
Purchase of short-term investments	(427,483)	(368,668)
Proceeds on sale of short-term investments	493,278	527,055
Purchase of capital assets	(38,092)	(1,860)
	27,703	156,527
INCREASE (DECREASE) IN CASH	(19,198)	33,606
CASH, BEGINNING OF YEAR	48,492	14,886
CASH, END OF YEAR	29,294	48,492

(See accompanying Notes to Financial Statements)

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 excess of revenue over expenditures. 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 excess of revenue over expenditures up to the amount of the previously recognized impairment.

WELLWOOD RESOURCE CENTRE OF HAMILTON**NOTES TO FINANCIAL STATEMENTS***Year ended March 31, 2019*

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 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.

CONTRIBUTED MATERIALS AND SERVICES

Contributed materials and services which are used in the normal course of operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated. Volunteers contribute a substantial number of hours each year to assist in carrying out the activities of the Organization. Due to the difficulty in determining their fair value, contributions of such services are not recognized in the financial statements.

WELLWOOD RESOURCE CENTRE OF HAMILTON
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2019

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 expenditures (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 excess of revenue over expenditures. Non-monetary assets and liabilities are translated at historical rates of exchange.

3. CAPITAL ASSETS

	2019		2018	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Building	1,171,313	255,195	916,118	912,976
Landscaping	115,104	83,783	31,321	42,831
Leasehold improvements	109,672	45,521	64,151	71,463
Parking lot	16,786	7,797	8,989	9,771
Signage	22,688	17,178	5,510	6,887
Furniture and equipment	99,081	77,241	21,840	20,476
Artwork and antiques	105,234	-	105,234	105,234
Computer and communication equipment	41,588	40,038	1,550	2,024
Computer software	1,807	1,800	7	12
	1,683,273	528,553	1,154,720	1,171,674

4. ACCOUNTS PAYABLE

Included in the balance of accounts payable are other government remittances totalling \$4,775 (2018 - \$4,472).

5. 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:

	2019 \$	2018 \$
Deferred contributions, beginning of year	43,578	27,171
Donations received during the year that are externally restricted	54,878	96,314
Recognized as revenue during the year	(48,810)	(79,907)
Deferred contributions, end of year	49,646	43,578

WELLWOOD RESOURCE CENTRE OF HAMILTON
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2019

6. EXTERNALLY RESTRICTED FUND BALANCES

Fund balances restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. The balance is comprised of:

	2019	2018
	\$	\$
Juravinski Fund	2,000,000	2,000,000
Haynes Fund	76,687	76,687
Margaret Watson Fund	3,000	3,000
	2,079,687	2,079,687

7. CHANGES IN NON-CASH WORKING CAPITAL

	2019	2018
	\$	\$
Accounts receivable	(725)	(491)
Inventories	(720)	638
Prepaid expenses and deposits	36,085	(35,606)
Accounts payable	(30,865)	28,883
	3,775	(6,576)

8. 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, 2019, the Organization has United States denominated cash and short-term investments in the amount of \$2,403 and \$648,674, 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.