WELLSPRING LONDON AND REGION

Financial Statements

Year Ended December 31, 2023

MacNeill Edmundson
PROFESSIONAL CORPORATION

WELLSPRING LONDON AND REGION
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Year Ended December 31, 2023

MACNEILL EDMUNDSON
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Wellspring London and Region

Qualified Opinion

We have audited the financial statements of Wellspring London and Region (the organization), which comprise the statement of financial position as at December 31, 2023, and the statements of changes in fund balances, revenues and expenditures and 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 organization as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donation and fundraising activities 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2023, current assets and net assets as at December 31, 2023.

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 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 audit 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 ASNPO, 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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Jeremy A. Giles CPA, CA *Lissa Savage CPA, CA, CPA (Illinois)*
Mark Snyders CPA, CA *Dillon O'Henly CPA, CA*
James B. MacNeill FCPA, FCA, CFP (Counsel) *Robert F. Edmundson CPA, CA (Retired)*
82 WELLINGTON STREET, LONDON, ONTARIO N6B 2K3 TEL 519.660.6060 FAX 519.672.6416 WEB www.MEcpa.ca

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 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.

MacNeill Edmundson

London, Ontario
May 21, 2024

PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

WELLSPRING LONDON AND REGION
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	**$ 102,899**	$ 181,882
Term deposits *(Note 3)*	**120,000**	160,000
Marketable securities *(Note 4)*	**688,527**	745,623
Accounts receivable	**3,995**	2,613
Prepaid expenses	**11,156**	10,534
	926,577	1,100,652
CAPITAL ASSETS *(Note 5)*	**-**	5,127
	$ 926,577	$ 1,105,779
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities *(Note 7)*	**$ 53,684**	$ 67,065
Deferred revenue *(Note 6)*	**72,201**	68,000
	125,885	135,065
FUND BALANCE	**800,692**	970,714
	$ 926,577	$ 1,105,779

ON BEHALF OF THE BOARD

_______________ *Director*

_______________ *Director*

WELLSPRING LONDON AND REGION
Statement of Changes in Fund Balances
Year Ended December 31, 2023

	2023	2022
FUND BALANCE - BEGINNING OF YEAR	**$ 970,714**	$ 933,561
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(170,022)**	37,153
FUND BALANCE - END OF YEAR	**$ 800,692**	$ 970,714

WELLSPRING LONDON AND REGION
Statement of Revenues and Expenditures
Year Ended December 31, 2023

	2023	2022
REVENUES		
Event fundraising	**$ 241,250**	$ 292,754
Donations	**232,401**	363,921
Grants	**101,000**	81,733
	574,651	738,408
EXPENDITURES		
Salaries and benefits	**482,931**	379,404
Management services	**133,824**	94,420
Program costs	**90,029**	62,032
Office	**50,493**	61,381
Event fundraising	**26,919**	25,444
Travel and development	**25,016**	10,277
Bank, professional, and other fees	**15,427**	18,132
Amortization	**5,126**	10,252
	829,765	661,342
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	**(255,114)**	77,066
OTHER INCOME		
Investment income (loss) *(Note 4)*	**85,092**	(39,913)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**$ (170,022)**	$ 37,153

WELLSPRING LONDON AND REGION
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	**$ (170,022)**	$ 37,153
Item not affecting cash:		
Amortization of capital assets	**5,126**	10,252
	(164,896)	47,405
Changes in non-cash working capital:		
Accounts receivable	**(1,382)**	(751)
Accounts payable and accrued liabilities	**(13,380)**	(8,815)
Deferred revenue	**4,201**	8,000
Prepaid expenses	**(622)**	(3,030)
	(11,183)	(4,596)
Cash flow from (used by) operating activities	**(176,079)**	42,809
INVESTING ACTIVITIES		
Proceeds from sale of investments	**584,704**	215,000
Purchase of investments	**(487,608)**	(745,623)
Cash flow from (used by) investing activities	**97,096**	(530,623)
DECREASE IN CASH FLOW	**(78,983)**	(487,814)
Cash - beginning of year	**181,882**	669,696
CASH - END OF YEAR	**$ 102,899**	$ 181,882

1. NATURE OF THE ORGANIZATION

Wellspring London and Region ("Wellspring") is a federally incorporated charitable organization. As a registered charity, Wellspring is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

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

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

Wellspring follows the deferral method of accounting for contributions. The operating fund represents the excess of revenue over expenditures that are related to ongoing programs and activities of Wellspring.

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 reasonable assured and the measurement of the amount cannot be reliably estimated.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Equipment	3 to 5 years	straight-line method
Computer equipment	3 to 5 years	straight-line method

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their original issuance or assumption.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. TERM DEPOSITS

Wellspring holds the following non-restricted term deposits:

	2023	2022
GIC maturing January 3, 2023 with interest rate of 1.95%	$ -	$ 40,000
GIC maturing March 27, 2023 with interest rate of 1.95%	-	40,000
GIC maturing March 31, 2023 with interest rate of 2.35%	-	40,000
GIC maturing July 4, 2023 with interest rate of 2.65%	-	40,000
GIC maturing March 25, 2024 with interest rate of 3.25%	40,000	-
GIC maturing March 28, 2024 with interest rate of 2.25%	40,000	-
GIC maturing July 15, 2024 with interest rate of 3.50%	40,000	-
	$ 120,000	$ 160,000

4. MARKETABLE SECURITIES

Marketable securities consist of non-restricted investments within the following asset classes:

	Cost	*Fair Market Value*
Capital Preservation		
Cash and Equivalents	$ 13,293	$ 13,293
Fixed Income - Canadian	95,807	96,234
Fixed Income - Non-Canadian	4,681	4,677
Non-Traditional Capital Preservation	31,256	31,701
Capital Appreciation		
Equities - Canadian	244,429	239,302
Equities - U.S.	174,839	199,993
Equities - Non-North American	92,126	95,795
Non-Traditional Capital Appreciation	7,689	7,532
	$ 664,120	**$ 688,527**

The unrealized gain of $24,407 has been included in investment income (loss) during the year.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	**2023 Net book value**	2022 Net book value
Equipment	$ 61,200	$ 61,200	**$ -**	$ 5,127
Computer equipment	24,657	24,657	**-**	-
	$ 85,857	$ 85,857	**$ -**	$ 5,127

6. DEFERRED REVENUE

$51,200 of deferred revenue relates to funds received for room naming rights that expire December 31, 2026. Revenue is recognized on an annual basis over the term of the naming rights.

$21,001 of deferred revenue relates to unspent grants and donations that are expected to be recognized in fiscal 2024.

7. 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 expires December 31, 2024 with provisions for extension upon mutually accepted terms.

At December 31, 2023, Wellspring had an outstanding balance payable to YSWO of $21,282 (2022 - $62,052).

8. FINANCIAL INSTRUMENTS

Wellspring is exposed to various risks through its financial instruments and has a comprehensive risk management framework in place to monitor, evaluate and manage these risks. The following analysis provides information about Wellspring's risk exposure and concentration. There have been no significant change to the nature or concentration of these risks from the prior year, unless otherwise noted.

In the opinion of management, the company is not exposed to significant currency risk arising from its financial instruments.

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 the organization's financial assets are held with a major financial institution.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Wellspring is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable and accrued liabilities.

Wellspring mitigates this risk through projecting its cash flow needs on a short term and long term basis, and maintaining sufficient available reserves.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Wellspring is exposed to market risk on its marketable securities (see Note 4).

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8. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Wellspring has $102,899 (2022 - $181,882) in term cash and cash equivalents at December 31, 2023, on which it earns variable rates of interest. Wellspring has $120,000 (2022 - $160,000) in term deposits and $688,527 (2022 - $745,623) in marketable securities at December 31, 2023, on which it earns fixed and variable rates of interest. The organization has assessed its exposure to interest rate risk and has determined that such risk is minimal.

9. LEASE COMMITMENTS

Wellspring has entered into a sublease agreement for the Stratford location for a five-year term commencing May 1, 2022. The expected payments including additional rent for common area costs at this location over the next four years are as follows:

December 31, 2024 - $16,287
December 31, 2025 - $16,662
December 31, 2026 - $17,038
December 31, 2027 - $5,721

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.