

**The Wellspring Niagara Cancer Support
Foundation**

Financial Statements

For the year ended December 31, 2020

The Wellspring Niagara Cancer Support Foundation

Financial Statements

For the year ended December 31, 2020

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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, 2020, 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, 2020 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, 2020 and opening and closing net assets, liabilities and net assets and total assets as at December 31, 2020. Our audit opinion on the financial statements for the year ended December 31, 2019 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 29, 2021
St. Catharines, Ontario

The Wellspring Niagara Cancer Support Foundation

Statement of Financial Position

December 31	2020	2019
Assets		
Current Assets		
Cash	\$ 435,975	\$ 395,873
Canada emergency wage subsidy receivable	6,523	-
HST rebate recoverable	14,501	67,305
Asset held for sale	26,200	26,200
Prepaid expenses	18,376	19,733
	501,575	509,111
Restricted Cash	499,342	593,276
Property and Equipment (Note 2)	4,915,642	4,876,600
	\$ 5,916,559	\$ 5,978,987
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 41,317	\$ 10,361
Deferred revenue (Note 3)	18,950	2,854
Demand term loans (Note 4)	1,686,738	2,056,076
	1,747,005	-
CEBA Loan (Note 5)	30,000	-
	1,777,005	2,069,291
Net Assets		
Unrestricted:		
Programs fund	562,209	723,069
Internally Restricted:		
Capital fund	844,462	844,462
Capital campaign fund	2,495,450	2,118,960
Endowment fund	237,433	223,205
	3,577,345	3,186,627
	4,139,554	3,909,696
	\$ 5,916,559	\$ 5,978,987

Commitment (Note 7)

Contingency (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	2020	2019
Unrestricted Funds		
Programs Fund		
Balance, beginning of year	\$ 723,069	\$ 628,643
Excess of revenue over expenses (expenses over revenue)	(146,872)	109,499
Transfer to endowment fund (Note 6)	(13,988)	(15,073)
Balance, end of year	562,209	723,069
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	2,118,960	1,476,819
Excess of revenue over expenses	376,490	642,141
Balance, end of year	2,495,450	2,118,960
Endowment Fund		
Balance, beginning of year	223,205	206,892
Excess of revenue over expenses	240	1,240
Transfer from programs fund (Note 6)	13,988	15,073
Balance, end of year	237,433	223,205
Total Net Assets	\$ 4,139,554	\$ 3,909,696

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	2020	2019
Revenue		
Donations	\$ 306,523	\$ 618,771
General fundraising (Note 10)	106,236	129,746
Interest	4,369	6,148
	417,128	754,665
Expenses		
Advertising	188	2,671
Amortization of property and equipment	147,659	145,413
Bank and interest charges	51,211	11,513
General fundraising (Note 11)	42,152	73,330
Insurance	26,701	23,359
Office and sundry	20,946	1,703
Professional fees	7,296	5,522
Programs (Note 12)	290,537	293,094
Public awareness (Note 13)	36,619	42,347
Salaries and benefits	27,722	10,462
Staff training	220	878
Travel	18	700
Volunteering (Note 14)	22,994	34,174
	674,263	645,166
Excess of Revenue over Expenses (Expenses over Revenue) before Other Income	(257,135)	109,499
Other Income		
Temporary Wage Subsidy	1,900	-
Canada Emergency Wage Subsidy	98,363	-
Forgivable portion of the CEBA loan (Note 5)	10,000	-
	110,263	-
Excess of Revenue over Expenses (Expenses over Revenue)	\$ (146,872)	\$ 109,499

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

For the year ended December 31	2020	2019
Excess of Revenue Over Expenses	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

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

For the year ended December 31	2020	2019
Revenue		
Donations	\$ 442,872	\$ 842,050
Expenses		
Bank and interest charges	13,903	97,545
General fundraising	2,150	16,096
Office and sundry	1,591	8,505
Professional fees	113	5,414
Salaries and benefits	47,297	71,472
Telephone and utilities	1,328	739
Travel	-	138
	66,382	199,909
Excess of Revenue Over Expenses	\$ 376,490	\$ 642,141

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

For the year ended December 31	2020	2019
Revenue		
Donations	\$ 240	\$ 1,240
Excess of Revenue Over Expenses	\$ 240	\$ 1,240

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 2020 2019

Cash Provided By (Used In)

Operating Activities

Excess of revenue over expenses (expenses over revenue):

Programs fund	\$	(146,872)	\$	109,499
Capital fund		-		-
Capital campaign fund		376,490		642,141
Endowment fund		240		1,240

Total Excess of Revenue over Expenses 229,858 752,880

Add Back (Deduct) Non-Cash Items:

Asset held for sale received as a donation	-		(26,200)
Property and equipment received as a donation	(63,905)		-
Amortization of property and equipment	147,659		145,413
Forgivable portion of CEBA loan (Note 5)	(10,000)		

Changes in non cash working capital:

Canada emergency wage subsidy receivable	(6,523)		20,402
HST rebate recoverable	52,804		207,605
Prepaid expenses	1,357		12,428
Accounts payable and accrued liabilities	30,956		(536,848)
Deferred revenue	16,096		(7,301)

Cash provided by operating activities 398,302 568,379

Investing Activities

Additions to property and equipment (122,796) (222,807)

Cash used in investing activities (122,796) (222,807)

Financing Activities

Advances on demand term loans - 2,384,070

Repayments on demand term loans (369,338) (2,712,064)

Advances from CEBA loan 40,000

Cash used in financing activities (329,338) (327,994)

Increase (Decrease) in Cash During the Year **(53,832)** **17,578**

Cash, beginning of year **989,149** **971,571**

Cash, end of year **\$ 935,317** **\$ 989,149**

Cash Consists of:

Cash \$ 435,975 \$ 395,873

Restricted cash 499,342 593,276

\$ 935,317 \$ 989,149

The accompanying notes are an integral part of these financial statements

The Wellspring Niagara Cancer Support Foundation

Notes to Financial Statements

December 31, 2020

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, 2020

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

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 and restricted cash.

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

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.

The Wellspring Niagara Cancer Support Foundation

Notes to Financial Statements

December 31, 2020

2. Property and Equipment

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 5,009,289	\$ 246,289	\$ 4,763,000	\$ 4,815,904
Furniture and equipment	136,438	96,178	40,260	60,696
Gazebo and garden	112,382	-	112,382	-
	\$ 5,258,109	\$ 342,467	\$ 4,915,642	\$ 4,876,600

No amortization has been taken on assets which are under construction and not available for use, which includes the gazebo and garden.

In-kind donations for the construction of capital assets are added to the cost of: building- \$13,905 and to gazebo and garden - \$50,000

3. Deferred Revenue

The organization has a deferred revenue balance of \$18,950 (2019 - \$2,854) which relates to Gala events which were postponed due to the COVID-19 Pandemic. This amount consists of \$14,000 (2019 - \$nil) of sponsorships and \$4,950 (2019 - \$1,200) of ticket sales.

4. Demand Term Loans

	2020		2019	
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: 2021 - \$250,000; 2022 - \$250,000 and 2023 - \$234,070, maturing December 31, 2023, secured as described below	\$	734,070	\$	1,059,070
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		952,669		997,006
	\$	1,686,739	\$	2,056,076

The Wellspring Niagara Cancer Support Foundation

Notes to Financial Statements

December 31, 2020

4. Demand Term Loans (Continued)

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 three years are as follows: 2021 - \$295,333; 2022 - \$296,988 and 2023 - \$1,094,418.

5. CEBA Loan

	<u>2020</u>	<u>2019</u>
Canada Emergency Business Account, credit line of \$40,000 until March 31, 2021, non-interest bearing up to December 31, 2022, 5% per annum starting on January 1, 2023; 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	\$ -

Under the terms of the loan, if the outstanding principal, other than the amount of debt forgiveness, is repaid by December 31, 2022, 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, 2022, 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: 2022 - \$30,000.

6. Inter-Fund Transfers

During the year, the organization transferred \$13,988 (2019 - \$15,073) from the programs fund to the endowment fund in accordance with the organization's endowment fund policy.

7. 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 Wellspring Niagara Cancer Support Foundation

Notes to Financial Statements

December 31, 2020

8. Contingency

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services 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.

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.

Interest Rate Risk

The organization is exposed to interest rate risks due to its demand term loans disclosed in Note 4. 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, 2020

10. General Fundraising Revenue

	2020		2019
Gala	\$ -	\$	69,955
General	11,931		2,962
Light up	64,494		37,839
Raffles & draw	536		998
Winter walk	29,275		17,992
	\$ 106,236	\$	129,746

11. General Fundraising Expenses

	2020		2019
Gala	\$ 3,111	\$	41,612
Handling charges	3,324		2,818
Office and sundry	7,928		6,762
Printing and postage	2,894		6,174
Rent	1,418		(96)
Salaries and benefits	22,445		13,680
Special events	885		2,129
Travel	147		251
	\$ 42,152	\$	73,330

12. Program Expenses

	2020		2019
Bank and interest charges	\$ 4,404	\$	6,989
Leadership	45,773		91,535
Office and sundry	21,215		11,705
Printing and postage	3,934		6,965
Public education	(34)		194
Rent and property taxes	51,033		114
Repairs and maintenance	22,267		53,627
Salaries and benefits	120,685		84,296
Telephone and utilities	21,243		37,426
Travel	17		243
	\$ 290,537	\$	293,094

The Wellspring Niagara Cancer Support Foundation
Notes to Financial Statements

December 31, 2020

13. Public Awareness Expenses

	2020		2019
Community outreach	\$ 1,748	\$	2,208
Office and sundry	230		210
Office supplies and newsletter	1,632		2,480
Salaries and benefits	32,514		33,316
Special events	460		1,391
Telephone & utilities	-		2,644
Travel	35		98
	\$ 36,619	\$	42,347

14. Volunteering Expenses

	2020		2019
Appreciation	\$ 1,062	\$	3,201
Office and sundry	318		504
Rent	1,418		(96)
Salaries and benefits	18,003		25,833
Telephone and utilities	2,193		4,378
Training	-		354
	\$ 22,994	\$	34,174