

**East Wellington Community  
Services Inc.  
Financial Statements  
For the Year Ended March 31, 2017**

**East Wellington Community Services Inc.**  
**Financial Statements**  
**For the Year Ended March 31, 2017**

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Tel: 519 824 5410  
Fax: 519 824 5497  
Toll-free: 877 236 4835  
[www.bdo.ca](http://www.bdo.ca)

BDO Canada LLP  
512 Woolwich Street  
Guelph ON N1H 3X7 Canada

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## Independent Auditor's Report

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**To the members of  
East Wellington Community Services Inc.**

We have audited the accompanying financial statements of East Wellington Community Services Inc., which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets 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 entity'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 entity'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.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the entity derives its revenue from donations, memberships and events, 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. We were unable to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenses, assets and net assets.



**Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of East Wellington Community Services Inc. as at March 31, 2017, 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario  
July 17, 2017

**East Wellington Community Services Inc.  
Statement of Financial Position**

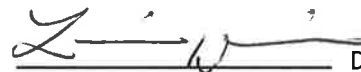
March 31	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 21,476	\$ 35,562
Short-term investments (Note 3)	21,293	40,000
Accounts receivable	28,281	19,971
Prepaid expenses	20,117	21,482
	91,167	117,015
Long-term investments (Note 4)	40,000	120,000
Property, plant and equipment (Note 5)	271,603	306,837
	\$ 402,770	\$ 543,852

**Liabilities and Net Assets**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 57,697	\$ 73,345
Deferred revenue (Note 6)	9,125	30,455
	66,822	103,800
Deferred contributions related to capital assets	107,848	129,887
	174,670	233,687
<b>Net Assets</b>		
Net assets invested in capital assets	163,756	176,951
Unrestricted net assets	64,344	133,214
	228,100	310,165
	\$ 402,770	\$ 543,852

On behalf of the Board:

 Director

 Director

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**East Wellington Community Services Inc.  
Statement of Changes in Net Assets**

<b>For the year ended March 31</b>	<b>Investment In Capital Assets</b>	<b>Unrestricted</b>	<b>2017</b>	<b>2016</b>
<b>Balance, beginning of the year</b>	<b>\$ 176,951</b>	<b>\$ 133,214</b>	<b>\$ 310,165</b>	<b>\$ 422,927</b>
<b>Net earnings for the year</b>	<b>(13,560)</b>	<b>(68,505)</b>	<b>(82,065)</b>	<b>(112,762)</b>
<b>Investment in capital assets</b>	<b>365</b>	<b>(365)</b>	<b>-</b>	<b>-</b>
<b>Balance, end of the year</b>	<b>\$ 163,756</b>	<b>\$ 64,344</b>	<b>\$ 228,100</b>	<b>\$ 310,165</b>

The accompanying notes are an integral part of these financial statements.

**East Wellington Community Services Inc.  
Statement of Operations**

<b>For the year ended March 31</b>	<b>2017</b>	<b>2016</b>
<b>Revenue (page 12)</b>	<b>\$ 900,834</b>	<b>\$ 880,897</b>
<b>Expenses</b>		
Salaries and employment benefits	702,158	726,895
Occupancy costs	72,138	67,245
Program supplies and associated costs	42,805	49,962
Amortization	35,600	36,024
Transportation	35,335	28,092
Office supplies, printing and stationery	20,816	18,823
Insurance	18,851	18,392
Fundraising costs	12,120	12,794
Telephone and communications	11,961	12,839
Professional fees	9,744	10,472
Advertising	6,341	3,046
Property taxes	5,438	4,689
Staff training and workshops	3,851	3,382
Memberships	3,618	3,004
Bank charges	3,416	3,717
	<b>984,192</b>	<b>999,376</b>
<b>Deficiency of revenues over expenses from operations</b>	<b>(83,358)</b>	<b>(118,479)</b>
<b>Other income</b>		
Investment income	1,293	5,717
<b>Deficiency of revenue over expenses</b>	<b>\$ (82,065)</b>	<b>\$ (112,762)</b>

The accompanying notes are an integral part of these financial statements.

**East Wellington Community Services Inc.**  
**Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Deficiency of revenues over expenditures	\$ (82,065)	\$ (112,762)
Items not affecting cash:		
Amortization	35,600	36,024
	<u>(46,465)</u>	<u>(76,738)</u>
Changes in non-cash working capital:		
Accounts receivable	(8,310)	21,740
Prepaid expenses	1,365	(3,193)
Accounts payable and accrued liabilities	(15,647)	16,952
Deferred contributions related to capital assets	(22,039)	(2,790)
Deferred revenue	(21,330)	7,710
	<u>(112,426)</u>	<u>(36,319)</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(367)	(27,474)
Disposal of long term investment	80,000	80,000
	<u>79,633</u>	<u>52,526</u>
<b>Net (decrease) increase in cash</b>	<b>(32,793)</b>	<b>16,207</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>75,562</b>	<b>59,355</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 42,769</b>	<b>\$ 75,562</b>
<b>Represented by:</b>		
Cash	\$ 21,476	\$ 35,562
Short term investments	21,293	40,000
	<u>\$ 42,769</u>	<u>\$ 75,562</u>

The accompanying notes are an integral part of these financial statements.



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## East Wellington Community Services Inc. Notes to Financial Statements

March 31, 2017

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### 1. Significant Accounting Policies

**Nature of Operations** East Wellington Community Services Inc. 'the Organization', is a registered charity incorporated without share capital under the provisions of the Ontario Business Corporations Act, and accordingly, is not subject to income taxes. Its objective is to provide services to the citizens of the East Wellington area.

**Basis of Accounting** The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

**Revenue** The organization uses the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can reasonably be estimated and collection is reasonably assured.

Contributed services for the purposes of carrying out the Organization's programs are not recognized in the financial statements due to the difficulty in determining their fair value. Contributed materials and services not related to programs specifically are recognized at their fair value if material.

**Expenses** Expenses are recorded as incurred. Allocations to funds is based on budget negotiations and the executive director's discretion to reallocate expenses.

**Capital Assets** Capital assets are recorded at cost. The building purchase was recorded at cost. Construction costs and renovations costs have been capitalized less any direct subsidies or grants, as part of the building cost. Furniture and fixtures, computer equipment and vehicles greater than \$1,000 are capitalized.

	<b>Method</b>	<b>Rate</b>
Buildings	Straight-line	40 years
Vehicles	Straight-line	10 years
Computer equipment	Declining balance	30%
Computer software	Declining balance	50%
Furniture and fixtures	Declining balance	20%
Trailer	Declining balance	10%
Signs	Declining balance	20%

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## East Wellington Community Services Inc. Notes to Financial Statements

March 31, 2017

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### 1. Significant Accounting Policies (continued)

#### Use of Estimates

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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

#### Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

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### 2. Cash

The Organization's bank accounts are held with one chartered bank.

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**East Wellington Community Services Inc.**  
**Notes to Financial Statements**

**March 31, 2017**

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**3. Short-term Investments**

	2017	2016
CIBC High Interest Savings Mutual Fund	\$ 21,293	\$ -
Guaranteed Investment Certificate	-	40,000
	\$ 21,293	\$ 40,000

Short term investments are stated at fair market value at year-end.

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**4. Long-term Investments**

Long term investments consist of a guaranteed investment certificate with an interest rate of 2.16% (2016 - 2.15% to 2.45%) per annum and a maturity date of February 2021

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**5. Capital Assets**

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 233,128	\$ 92,436	\$ 233,128	\$ 86,608
Furniture and fixtures	91,161	68,907	91,161	63,344
Vehicles	171,644	84,575	171,644	67,411
Computer equipment	92,678	80,729	92,313	75,686
Signs	18,770	12,072	18,770	10,397
Trailer	9,862	6,921	9,862	6,595
	617,243	345,640	616,878	310,041
		\$ 271,603		\$ 306,837

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**East Wellington Community Services Inc.  
Notes to Financial Statements**

**March 31, 2017**

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**6. Deferred Revenue**

Deferred revenue represent unspent resources externally restricted for the purposes of various programs. These amounts will be recognized as revenue in the period in which the related expenses are incurred.

	Opening Balance	Contribution	Recognized in Revenue	March 31, 2017
Rent Subsidy Program	\$ 1,400	\$ 20,950	\$ 18,150	\$ 4,200
Wellington County CHPI Grant	4,725	6,300	6,300	4,725
Ontario Trillium Foundation Grant	24,000		24,000	-
Other	330	200	330	200
	\$ 30,455	\$ 27,450	\$ 48,780	\$ 9,125

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**7. Capital Disclosure**

The Organization's objectives when managing its capital is to safeguard the Organization's ability to continue as a going concern so that it can continue to provide ongoing development and co-ordination of a community social service system.

The Organization manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Organization may obtain financing or increase or decrease funding to various agencies.

The Organization does not have any externally imposed capital requirements, and has not made any changes with respect to its overall capital management strategy during the year ended March 31, 2017.

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## East Wellington Community Services Inc. Notes to Financial Statements

March 31, 2017

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### 8. Financial Instruments

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to normal credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to accounts receivable. The risk has not changed from the previous period.

#### Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from deferred revenue, accounts payable and accrued liabilities. The risk has not changed from the previous period.

#### Market Risk

The company is exposed to fluctuations in equity markets on its investments. The risk has not changed from previous period.

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**East Wellington Community Services Inc.  
Schedule of Revenue**

For the year ended March 31	2017	2016
Ontario Ministry of Health	\$ 183,061	\$ 184,118
Ontario Early Years project	144,072	144,072
Fundraising, events and general donations	147,343	131,697
United Way Community Services of Guelph & Wellington	122,727	122,727
Retail sales	80,438	86,996
Seniors' Program Income	64,422	58,702
Wellington County	36,984	34,300
Trillium grants	24,000	33,750
Deferred vehicle revenue	22,040	20,290
Rent subsidy program	18,150	16,800
Town of Erin	16,770	16,600
Rental revenue	12,483	13,560
Township of Guelph Eramosa	10,000	10,000
HRSDC - Summer Student Program	9,546	5,895
Other grants	8,398	1,000
Memberships	400	390
	<b>\$ 900,834</b>	<b>\$ 880,897</b>