

East Wellington Community Services  
Inc.  
Financial Statements  
For the Year Ended March 31, 2022

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Financial Statements  
For the Year Ended March 31, 2022

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## Independent Auditor's Report

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To the Members of East Wellington Community Services Inc.

### Qualified Opinion

We have audited the financial statements of East Wellington Community Services Inc. (the Organization), which comprise the balance sheet as at March 31, 2022, the statements of operations, changes in net assets 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, 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 Organization derives revenue from donations, memberships 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 unable to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, and cash flows from operations as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years.

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.



### 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario  
September 12, 2022

East Wellington Community Services Inc.  
Statement of Financial Position

March 31	2022	2021
<b>Assets</b>		
Current		
Cash (Note 2)	\$ -	\$ 25,338
Short-term investments (Note 3)	660,000	725,000
Accounts receivable	61,229	28,880
Prepaid expenses	83,495	59,976
	804,724	839,194
Long-term investments (Note 3)	75,000	-
Capital assets (Note 4)	241,015	256,693
	\$ 1,120,739	\$ 1,095,887
<b>Liabilities and Net Assets</b>		
Current		
Bank indebtedness (Note 2)	\$ 69,319	\$ -
Accounts payable and accrued liabilities	168,458	76,720
Deferred revenue (Note 6)	295,429	438,313
	533,206	515,033
Long-term debt (Note 7)	40,000	40,000
Deferred contributions related to capital assets	86,397	101,630
	659,603	656,663
Net Assets		
Net assets invested in capital assets	154,618	155,063
Unrestricted net assets	306,518	284,161
	461,136	439,224
	\$ 1,120,739	\$ 1,095,887

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

For the year ended March 31	Investment in Capital Assets	Unrestricted	2022	2021
Balance, beginning of the year	\$ 155,063	\$ 284,161	\$ 439,224	\$ 328,512
Net earnings for the year	(16,298)	38,210	21,912	110,712
Investment in capital assets	15,853	(15,853)	-	-
Balance, end of the year	\$ 154,618	\$ 306,518	\$ 461,136	\$ 439,224

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

East Wellington Community Services Inc.  
Statement of Operations

For the year ended March 31	2022	2021
Revenue ( <i>page 13</i> )	\$ 1,261,096	\$ 1,087,548
Expenses		
Advertising	4,114	2,931
Amortization	40,271	41,763
Bank charges	8,047	8,375
Fundraising costs	7,688	11,008
Insurance	24,036	21,999
Memberships	2,472	3,873
Occupancy costs	68,882	72,884
Office supplies, printing and stationery	17,423	20,363
Professional and consulting fees	18,533	10,023
Program supplies and associated costs	55,215	82,752
Property taxes	4,860	1,979
Salaries and employment benefits	942,186	664,677
Staff training and workshops	1,204	460
Telephone and communications	15,719	15,464
Transportation	32,236	28,436
	1,242,886	986,987
Excess of revenues over expenses from operations	18,210	100,561
Other revenue		
Investment income	3,702	10,151
Excess of revenue over expenses	\$ 21,912	\$ 110,712

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

East Wellington Community Services Inc.  
Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Excess of revenue over expenses	\$ 21,912	\$ 110,712
Items not affecting cash:		
Amortization	40,271	41,763
	<u>62,183</u>	<u>152,475</u>
Changes in non-cash working capital:		
Accounts receivable	(32,349)	(9,915)
Prepaid expenses	(23,519)	(50,075)
Accounts payable and accrued liabilities	91,738	5,684
Deferred revenue	(142,884)	(13,275)
Deferred contributions related to capital assets	(15,233)	31,863
	<u>(60,064)</u>	<u>116,757</u>
Cash flows from investing activities		
Purchase of capital assets	(24,593)	(68,372)
Purchase of investments	(10,000)	(95,000)
	<u>(34,593)</u>	<u>(163,372)</u>
Cash flows from financing activities		
Advance of long-term debt	-	40,000
Net decrease in cash	(94,657)	(6,615)
Cash, beginning of the year	25,338	31,953
Cash (bank indebtedness), end of the year	<u>\$ (69,319)</u>	<u>\$ 25,338</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, 2022

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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.																		
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. <table><thead><tr><th></th><th>Method</th><th>Rate</th></tr></thead><tbody><tr><td>Buildings</td><td>Straight-line</td><td>40 years</td></tr><tr><td>Vehicles</td><td>Straight-line</td><td>10 years</td></tr><tr><td>Computer equipment</td><td>Declining balance</td><td>30%</td></tr><tr><td>Furniture and fixtures</td><td>Declining balance</td><td>20%</td></tr><tr><td>Signs</td><td>Declining balance</td><td>20%</td></tr></tbody></table>		Method	Rate	Buildings	Straight-line	40 years	Vehicles	Straight-line	10 years	Computer equipment	Declining balance	30%	Furniture and fixtures	Declining balance	20%	Signs	Declining balance	20%
	Method	Rate																	
Buildings	Straight-line	40 years																	
Vehicles	Straight-line	10 years																	
Computer equipment	Declining balance	30%																	
Furniture and fixtures	Declining balance	20%																	
Signs	Declining balance	20%																	
Revenue Recognition	<p>The Organization uses the deferral method of accounting for contributions.</p> <p>Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted revenues where expenses have not been incurred are recorded as deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount can reasonably be estimated and collection is reasonably assured.</p>																		
Grants	The Organization receives grants to assist in providing financial support for eligible programs. These grants are reflected as deferred revenue until the terms of the grant are met. At that time, the grants are recorded as revenue in the statement of operations.																		
Expenses	Expenses are recorded as incurred. Allocations to funds is based on budget negotiations and the Chief Executive Officer's discretion to reallocate expenses.																		
Contributed Materials and Services	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.																		

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

March 31, 2022

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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	<p>Financial instruments are recorded at fair value at initial recognition.</p> <p>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.</p> <p>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.</p>

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### 2. Bank Indebtedness

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

The Organization has access to a \$75,000 line of credit facility, bearing interest at RBC Prime Rate + 4.43% per annum. As at year-end, the Organization has drawn \$59,500 (2021 - \$NIL) on this facility.

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### 3. Investments

Investments are comprised of various guaranteed investment certificates. The guaranteed investment certificates earn interest at fixed rates from 0.30% to 0.60% (2021 - 0.20% to 1.40%) and have maturity dates of April 2022 to April 2023 (2021 - April 2021 to January 2022).

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East Wellington Community Services Inc.  
Notes to Financial Statements

March 31, 2022

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4. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 256,185	\$ 124,171	\$ 256,185	\$ 117,766
Computer equipment	128,078	109,389	121,892	103,440
Furniture and fixtures	137,807	97,792	119,399	90,417
Signs	25,734	18,104	25,734	16,025
Vehicles	219,110	176,443	219,110	157,979
	766,914	525,899	742,320	485,627
		\$ 241,015		\$ 256,693

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5. Capital Disclosure

The Organization's objective 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, 2022.

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East Wellington Community Services Inc.  
Notes to Financial Statements

March 31, 2022

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6. Deferred Revenue

Deferred revenue represents 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, 2022
Food Banks Canada	\$ 10,000	\$ -	\$ 10,000	\$ -
Guelph Community Foundation	17,333	-	4,832	12,501
Main Place Optimists	390,546	-	122,675	267,871
Other	5,259	4,382	5,559	4,082
Rent Subsidy Program	4,200	12,600	16,800	-
Wellington County CHPI Grant	4,725	6,300	6,300	4,725
Wellington County Transportation	6,250	25,000	25,000	6,250
	<u>\$ 438,313</u>	<u>\$ 48,282</u>	<u>\$ 191,166</u>	<u>\$ 295,429</u>

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7. Long-term Debt

In the prior year, the Organization received \$60,000 in financial assistance from the Canada Emergency Business Account (CEBA) loan program. Of the \$60,000 loan received, \$20,000 of this amount is forgivable if the remaining \$40,000 is repaid prior to December 31, 2023. The forgivable portion of the loan was included in revenue in the prior year. If the Organization does not repay the \$40,000 by December 31, 2023, the \$20,000 forgivable portion will be repayable and accounted for as a financial liability.

If any part of the balance is not paid by December 31, 2023, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly, effective January 1, 2024. The full balance must be repaid by no later than December 31, 2025.

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East Wellington Community Services Inc.  
Notes to Financial Statements

March 31, 2022

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8. Commitments

The Organization's total obligations under various operating leases for space and office equipment, are as follows:

2023	\$ 40,818
2024	24,948
2025	24,948
2026	10,948
2027	<u>553</u>
	<u>\$ 102,215</u>

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9. 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. The Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. This risk impacted by COVID-19, which could lead to potential losses. This risk has not changed from the prior year.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter 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. The Organization is exposed to this risk mainly in respect of its bank indebtedness, accounts payable and accrued liabilities, long-term debt and commitments. This risk is impacted by COVID-19, which could lead to increased difficulty in meeting the Organization's obligations as they come due. This risk has not changed from the prior year.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate based on changes in market interest rates. The Organization is exposed to interest rate risk in relation to interest expense on its line of credit facility since the credit facility bears interest at a floating interest rate. This risk has increased from the prior year as the Organization has accessed the line of credit facility as at March 31, 2022.

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East Wellington Community Services Inc.  
Notes to Financial Statements

March 31, 2022

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10. COVID-19 Pandemic

On March 11, 2020, the World Health Organization characterized the outbreak COVID-19 as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. As a result, the Organization has adapted program delivery models and has continued to deliver programming and services. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the disruption and related financial impact cannot be reasonably estimated at this time.

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East Wellington Community Services Inc.  
Schedule of Revenue

For the year ended March 31	2022	2021
Deferred capital asset revenue	\$ 23,973	\$ 24,049
Fundraising, events and general donations	295,668	345,333
HRSDC - Summer Student Program	8,673	8,149
Main Place Optimist	122,675	-
Memberships	110	140
Ontario Ministry of Health	336,021	338,068
Other grants	226,262	105,814
Rent subsidy program	16,800	16,800
Rental revenue	2,189	4,309
Retail sales	37,666	18,247
Rural Emphasis	-	23,400
Seniors' program income	23,315	12,506
Township of Guelph Eramosa	15,000	15,000
United Way Community Services of Guelph & Wellington	104,203	106,875
Wellington County	48,541	68,858
	<hr/>	<hr/>
	\$ 1,261,096	\$ 1,087,548

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