

**East Wellington Community Services
Inc.
Financial Statements
For the Year Ended March 31, 2021**

East Wellington Community Services Inc.
Financial Statements
For the Year Ended March 31, 2021

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Independent Auditor's Report

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, 2021, 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, 2021, 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, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 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
July 27, 2021

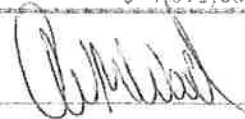
East Wellington Community Services Inc.
Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash (Note 2)	\$ 25,338	\$ 31,953
Short-term investments (Note 3)	725,000	630,000
Accounts receivable	28,880	18,965
Prepaid expenses	59,976	9,901
	839,194	690,819
Capital assets (Note 4)	256,693	230,084
	\$ 1,095,887	\$ 920,903
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 76,720	\$ 71,036
Deferred revenue (Note 5)	438,313	451,588
	515,033	522,624
Long-term debt (Note 6)	40,000	-
Deferred contributions related to capital assets	101,630	69,767
	656,663	592,391
Net Assets		
Net assets invested in capital assets	155,063	160,320
Unrestricted net assets	284,161	168,192
	439,224	328,512
	\$ 1,095,887	\$ 920,903

On behalf of the Board:



Director



Director

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

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

For the year ended March 31	Investment In Capital Assets	Unrestricted	2021	2020
Balance, beginning of the year	\$ 160,320	\$ 168,192	\$ 328,512	\$ 315,225
Net earnings for the year	(17,714)	128,426	110,712	13,287
Investment in capital assets	12,457	(12,457)	-	-
Balance, end of the year	\$ 155,063	\$ 284,161	\$ 439,224	\$ 328,512

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	2021	2020
Revenue (page 13)	\$ 1,087,548	\$ 1,027,649
Expenses		
Salaries and employment benefits (Note 6)	664,677	728,324
Program supplies and associated costs	82,752	57,358
Occupancy costs	72,884	61,686
Amortization	41,763	36,197
Transportation	28,436	42,225
Insurance	21,999	18,871
Office supplies, printing and stationery	20,363	22,780
Telephone and communications	15,464	10,550
Fundraising costs	11,008	13,271
Professional and consulting fees	10,023	9,034
Bank charges	8,375	4,485
Memberships	3,873	2,139
Advertising	2,931	3,069
Property taxes	1,979	4,955
Staff training and workshops	460	1,746
	986,987	1,016,690
Excess of revenues over expenses from operations	100,561	10,959
Other revenue (expenses)		
Investment income	10,151	4,707
Loss on disposal of capital assets	-	(2,379)
	10,151	2,328
Excess of revenue over expenses	\$ 110,712	\$ 13,287

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	2021	2020
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 110,712	\$ 13,287
Items not affecting cash:		
Amortization	41,763	36,197
Loss on disposal of capital assets	-	2,379
	<u>152,475</u>	<u>51,863</u>
Changes in non-cash working capital:		
Accounts receivable	(9,915)	8,044
Prepaid expenses	(50,075)	(7,353)
Accounts payable and accrued liabilities	5,684	(40,973)
Deferred contributions related to capital assets	31,863	(20,208)
Deferred revenue	(13,275)	432,913
	<u>116,757</u>	<u>424,286</u>
Cash flows from investing activities		
Purchase of capital assets	(68,372)	(19,954)
Purchase of short-term investments	(95,000)	(590,000)
	<u>(163,372)</u>	<u>(609,954)</u>
Cash flows from financing activities		
Advance of long-term debt	40,000	-
Net decrease in cash	(6,615)	(185,668)
Cash, beginning of the year	31,953	217,621
Cash, end of the year	\$ 25,338	\$ 31,953

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

East Wellington Community Services Inc. Notes to Financial Statements

March 31, 2021

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.

	Method	Rate
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%

East Wellington Community Services Inc. Notes to Financial Statements

March 31, 2021

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.

Government Assistance

The Organization makes periodic applications for financial assistance under government incentive programs. Government assistance received during the year for current expenses is included in the determination of net income for the year.

2. Cash

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

East Wellington Community Services Inc.
Notes to Financial Statements

March 31, 2021

3. Short-term Investments

Short-term investments are comprised of various guaranteed investment certificates. The guaranteed investment certificates earn interest at fixed rates from 0.20% to 1.40% (2020 - 1.41% to 2.16%) and have maturity dates of April 2021 to January 2022 (2020 - April 2020 to February 2021).

4. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 256,185	\$ 117,766	\$ 256,185	\$ 111,362
Furniture and fixtures	119,399	90,417	112,735	84,005
Vehicles	219,110	157,979	171,644	136,068
Computer equipment	121,892	103,440	114,616	97,092
Signs	25,734	16,025	18,770	15,339
	742,320	485,627	673,950	443,866
		\$ 256,693		\$ 230,084

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

March 31, 2021

5. 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, 2021
Food Banks Canada	\$ -	\$ 10,000	\$ -	\$ 10,000
Guelph Community Foundation	-	20,000	2,667	17,333
Guelph Eramosa Township	15,000		15,000	-
Main Place Optimists	390,546	-	-	390,546
Other	3,667	5,580	3,988	5,259
Rent Subsidy Program	-	21,000	16,800	4,200
Rotary Club of Erin	8,000		8,000	-
Rural Emphasis	23,400		23,400	-
Wellington County CHPI Grant	4,725	6,300	6,300	4,725
Wellington County Transportation	6,250	25,000	25,000	6,250
	<u>\$ 451,588</u>	<u>\$ 87,880</u>	<u>\$ 101,155</u>	<u>\$ 438,313</u>

6. Government Assistance

During the year, the Organization received \$60,000 in financial assistance from the Canadian Emergency Business Account (CEBA). Included in this amount was a \$20,000 forgivable loan if the remaining \$40,000 is repaid prior to December 31, 2022. The amount of the forgivable loan was included in revenue in the current year.

In addition, the Organization received \$77,500 in government assistance through the Canada Emergency Wage Subsidy (CEWS) and Temporary Wage Subsidy programs. This income has been applied against salaries and employment benefits expense.

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

March 31, 2021

7. 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, 2021.

8. Commitments

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

2022	\$	41,429
2023		40,128
2024		24,948
2025		24,948
2026		12,948
		<hr/>
	\$	<u>144,401</u>

East Wellington Community Services Inc. Notes to Financial Statements

March 31, 2021

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; 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. This risk has increased in light of the uncertainty around the impact of COVID-19, which could lead to potential losses.

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 and commitments. This risk has increased due to the impact of COVID-19, which could lead to increased difficulty in meeting the Organization's obligations as they come due.

10. Material Uncertainty

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 through other innovative means. 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.

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

For the year ended March 31	2021	2020
Fundraising, events and general donations	\$ 345,333	\$ 174,758
Ontario Ministry of Health	338,068	322,561
United Way Community Services of Guelph & Wellington	106,875	112,500
Other grants	105,814	11,408
Wellington County	68,858	88,092
Deferred capital asset revenue	24,049	20,208
Rural Emphasis	23,400	7,800
Retail sales	18,247	71,670
Rent subsidy program	16,800	16,800
Township of Guelph Eramosa	15,000	15,000
Seniors' program income	12,506	67,184
HRSDC - Summer Student Program	8,149	12,902
Rental revenue	4,309	8,462
Memberships	140	150
Town of Erin	-	16,000
Youth program income	-	5,200
Main Place Optimist	-	76,954
	\$ 1,087,548	\$ 1,027,649