

**East Wellington Community  
Services Inc.  
Financial Statements  
For the Year Ended March 31, 2024**

**East Wellington Community Services Inc.**  
**Financial Statements**  
**For the Year Ended March 31, 2024**

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## Independent Auditor's Report

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To the Board of Directors 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, 2024, 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, 2024, 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, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 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*

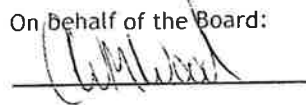
Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario  
June 21, 2024

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

March 31	2024	2023
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 126,277	\$ 3,617
Short-term investments (Note 3)	426,587	527,022
Accounts receivable	110,274	66,276
Prepaid expenses	35,485	66,921
	<u>698,623</u>	<u>663,836</u>
<b>Capital assets (Note 4)</b>	249,528	262,106
<b>Intangible asset (Note 5)</b>	35,548	-
	<u>\$ 983,699</u>	<u>\$ 925,942</u>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 177,568	\$ 156,067
Deferred revenue (Note 8)	221,969	195,577
Current portion of Canada Emergency Business Account Loan	-	26,000
	<u>399,537</u>	<u>377,644</u>
<b>Deferred contributions related to capital assets</b>	117,578	117,459
	<u>517,115</u>	<u>495,103</u>
<b>Net Assets</b>		
Net assets invested in capital assets	131,950	144,647
Unrestricted net assets	334,634	286,192
	<u>466,584</u>	<u>430,839</u>
	<u>\$ 983,699</u>	<u>\$ 925,942</u>

On behalf of the Board:



Director



Director

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

For the year ended March 31	Investment in Capital Assets	Unrestricted	2024	2023
Balance, beginning of the year	\$ 144,647	\$ 286,192	\$ 430,839	\$ 461,136
Excess (deficiency) of revenue over expenses	(14,259)	50,004	35,745	(30,297)
Investment in capital assets	1,562	(1,562)	-	-
Balance, end of the year	\$ 131,950	\$ 334,634	\$ 466,584	\$ 430,839

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	2024	2023
<b>Revenue (page 13)</b>	<b>\$ 1,348,807</b>	<b>\$ 1,266,428</b>
<b>Expenses</b>		
Advertising	1,382	1,885
Amortization	35,639	43,979
Bank charges	8,163	9,381
Fundraising costs	20,861	17,918
Insurance	31,483	27,114
Memberships	4,207	3,364
Occupancy costs	86,260	65,239
Office supplies, printing and stationery	20,065	18,771
Professional and consulting fees	22,422	27,854
Program supplies and associated costs	52,649	49,468
Property taxes	4,632	4,588
Salaries and employment benefits	973,534	970,661
Staff training and workshops	1,115	3,342
Telephone and communications	18,418	16,538
Transportation	43,826	41,102
	<b>1,324,656</b>	<b>1,301,204</b>
<b>Excess (deficiency) of revenues over expenses from operations</b>	<b>24,151</b>	<b>(34,776)</b>
<b>Other revenue</b>		
Investment income	11,094	4,479
Gain on disposal of capital assets	500	-
	<b>11,594</b>	<b>4,479</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 35,745</b>	<b>\$ (30,297)</b>

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	2024	2023
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ 35,745	\$ (30,297)
Items not affecting cash:		
Amortization of capital assets	35,639	43,979
Gain on disposal of capital assets	(500)	-
	<u>70,884</u>	<u>13,682</u>
Changes in non-cash working capital:		
Accounts receivable	(43,998)	(5,047)
Prepaid expenses	31,436	16,574
Accounts payable and accrued liabilities	21,501	(12,391)
Deferred revenue	26,392	(99,852)
Deferred contributions related to capital assets	119	31,062
	<u>106,334</u>	<u>(55,972)</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(23,061)	(65,070)
Purchase of intangible asset	(35,548)	-
Proceeds on disposal of investments	225,435	207,978
Purchase of investments	(125,000)	-
Proceeds on disposal of capital assets	500	-
	<u>42,326</u>	<u>142,908</u>
<b>Cash flows from financing activities</b>		
Repayment of Canada Emergency Business Account Loan	(26,000)	(14,000)
<b>Net increase in cash</b>	<b>122,660</b>	<b>72,936</b>
<b>Cash (bank indebtedness), beginning of the year</b>	<b>3,617</b>	<b>(69,319)</b>
<b>Cash, end of the year</b>	<b>\$ 126,277</b>	<b>\$ 3,617</b>

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



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

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March 31, 2024

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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. Initial construction costs were 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. In the year of acquisition, assets (with the exception of vehicles) are amortized at one-half the normal rate. Amortization is provided using the following methods and annual rates:

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

**Intangible Asset** Intangible asset consists of website development costs.

The website is initially recorded at cost. The website is still in development and not yet ready for use. Once in use, the website will have a finite useful life and as such will be amortized on a straight-line basis over the estimated useful life of the asset.

The website is tested for impairment when events or circumstances indicate that the carrying amount may not be recoverable. The impairment test entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to fair value is required.

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

**March 31, 2024**

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### **1. Significant Accounting Policies (continued)**

<b>Revenue Recognition</b>	<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>
<b>Grants</b>	<p>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.</p>
<b>Contributed Services</b>	<p>Volunteers contribute many hours per year to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>
<b>Contributed Materials</b>	<p>Due to the difficulty in determining the fair value of materials contributed to the Organization they are not recognized in the financial statements.</p>
<b>Use of Estimates</b>	<p>The preparation of financial statements in accordance 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. Management has estimated accrued liabilities and the useful life of capital assets. 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.</p>

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

March 31, 2024

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### 1. Significant Accounting Policies (continued)

#### 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.

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 \$NIL (2023 - \$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 2.25% to 3.25% (2023 - 0.30% to 3.25%) and have maturity dates of June 2024 to January 2025 (2023 - April 2023 to January 2024).

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

March 31, 2024

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### 4. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 256,185	\$ 136,980	\$ 256,185	\$ 130,576
Computer equipment	151,138	122,579	128,078	115,281
Furniture and fixtures	137,807	112,652	137,807	105,272
Signs	25,734	21,451	25,734	20,091
Vehicles	259,653	187,327	284,181	198,659
	<b>830,517</b>	<b>580,989</b>	<b>831,985</b>	<b>569,879</b>
	<b>\$ 249,528</b>		<b>\$ 262,106</b>	

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### 5. Intangible Asset

During the year, the Organization incurred \$35,548 in website development costs.

The website was not in use at year end. Therefore, no amortization has been recorded.

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### 6. 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, 2024.

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### 7. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is government remittances of \$26,894 (2023 - \$42,535).

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

**March 31, 2024**

### 8. 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, 2024
Aqueduct	25,000	-	-	25,000
Guelph Community Foundation	7,670	-	4,831	2,839
Main Place Optimists	147,871	-	147,871	-
Ontario Trillium Fund	-	133,800	-	133,800
Other	4,061	4,019	4,000	4,080
Torrance Foundation	-	50,000	-	50,000
Wellington County CHPI Grant	4,725	-	4,725	-
Wellington County Transportation	6,250	25,000	25,000	6,250
	<u>\$ 195,577</u>	<u>\$ 212,819</u>	<u>\$ 186,427</u>	<u>\$ 221,969</u>

### 9. The Grove Youth Wellness Hub Site Operator

The Grove Hubs is a project of the Canadian Mental Health Association Waterloo Wellington (CMHAWW). The Organization is a site operator of the hub located in the Main Place Youth Centre. The Organization incurs expenses on behalf of CMHAWW to operate the hub and is then reimbursed by CMHAWW. Reimbursements from CMHAWW during the year for expenditures incurred by the Organization to operate the hub were \$404,960 (2023 - \$343,690). These expenditures are reported on a net basis and as such are not included in the Organization's statement of operations.

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

March 31, 2024

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### 10. Commitments

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

2025	\$	43,669
2026		13,169
2027		2,774
2028		2,036
		<hr/>
	\$	61,648

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### 11. 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 has not changed from the previous 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 accounts payable and accrued liabilities and commitments. This risk has not changed from the previous 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 not changed from the previous year as the Organization still has not accessed the line of credit facility as at March 31, 2024.

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## East Wellington Community Services Inc. Schedule of Revenue

For the year ended March 31	2024	2023
Canadian Mental Health Association Waterloo Wellington	\$ 68,370	\$ 95,169
Deferred capital asset revenue	21,380	22,850
Fundraising, events and general donations	423,017	330,868
HRSDC - Summer Student Program	8,035	10,597
Main Place Optimist	147,871	120,000
Memberships	100	90
Ontario Ministry of Health	370,717	364,817
Other grants	37,914	74,113
Rent subsidy program	16,800	16,800
Rental revenue	4,789	5,089
Retail sales	70,456	58,002
Seniors' program income	46,628	34,013
Township of Guelph Eramosa	17,000	16,000
United Way Community Services of Guelph & Wellington	67,500	67,500
Wellington County	48,230	50,520
	<u>\$ 1,348,807</u>	<u>\$ 1,266,428</u>