

**WELLWOOD RESOURCE CENTRE OF HAMILTON**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**



**TAYLOR LEIBOW** LLP  
ACCOUNTANTS AND ADVISORS

AN INDEPENDENT MEMBER OF DFK INTERNATIONAL

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of  
Wellwood Resource Centre of Hamilton:

We have audited the accompanying financial statements of Wellwood Resource Centre of Hamilton, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in fund balances 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 Organization'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 Organization'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.

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## INDEPENDENT AUDITOR'S REPORT (Continued)

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### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Organization derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenditures and cash flows from operations for the year ended March 31, 2014, current assets as at March 31, 2014 and fund balances as at April 1, 2013 and March 31, 2014.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Wellwood Resource Centre of Hamilton as at March 31, 2014, 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.

*Paylon Leibow LLP*

**CHARTERED ACCOUNTANTS**  
**Licensed Public Accountants**

Hamilton, Ontario  
June 18, 2014

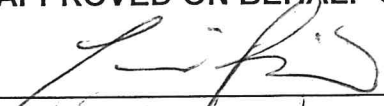
**WELLWOOD RESOURCE CENTRE OF HAMILTON**  
**STATEMENT OF FINANCIAL POSITION**

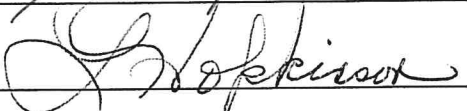
*As at March 31*

	2014	2013
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	7,630	81,404
Short-term investments	2,417,939	2,267,952
Accounts receivable	5,747	3,084
Inventories	922	919
Prepaid expenses and deposits	6,309	6,166
	<b>2,438,547</b>	<b>2,359,525</b>
CAPITAL ASSETS (Note 3)	<b>1,373,850</b>	<b>1,430,639</b>
INCORPORATION COSTS	<b>684</b>	<b>684</b>
	<b>3,813,081</b>	<b>3,790,848</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable (Note 4)	136,302	134,027
DEFERRED CONTRIBUTIONS (Note 5)	16,419	19,970
	<b>152,721</b>	<b>153,997</b>
<b>FUND BALANCES</b>		
INVESTED IN CAPITAL ASSETS	1,373,850	1,430,639
EXTERNALLY RESTRICTED (Note 6)	2,004,850	2,002,000
UNRESTRICTED	281,660	204,212
	<b>3,660,360</b>	<b>3,636,851</b>
	<b>3,813,081</b>	<b>3,790,848</b>

*(See accompanying Notes to Financial Statements)*

**APPROVED ON BEHALF OF THE BOARD:**

 Director

 Director

**WELLWOOD RESOURCE CENTRE OF HAMILTON  
STATEMENT OF CHANGES IN FUND BALANCES**

	Year ended March 31				
	General Fund		Endowment Fund	Total	
	Unrestricted	Invested in Capital Assets	Fund	2013	
\$	\$	\$	\$	2014	Total
FUND BALANCES, BEGINNING OF YEAR	204,212	1,430,639	2,002,000	3,636,851	3,488,915
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	86,063	(65,404)	2,850	23,509	147,936
INVESTMENT IN CAPITAL ASSETS	(8,615)	8,615	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	<b>281,660</b>	<b>1,373,850</b>	<b>2,004,850</b>	<b>3,660,360</b>	<b>3,636,851</b>

(See accompanying Notes to Financial Statements)

**WELLWOOD RESOURCE CENTRE OF HAMILTON**  
**STATEMENT OF OPERATIONS**

*Year ended March 31*

	General Fund \$	Endowment Fund \$	Total 2014 \$	Total 2013 \$
<b>REVENUES</b>				
Donations	78,743	2,850	81,593	193,291
Partnership funds	-	-	-	75,000
Fundraising and other income	75,783	-	75,783	66,097
Investment income	58,163	-	58,163	59,745
Realized gain (loss) on investments	45,537	-	45,537	(2,233)
	<b>258,226</b>	<b>2,850</b>	<b>261,076</b>	<b>391,900</b>
<b>EXPENDITURES</b>				
Advertising, travel and promotion	1,598	-	1,598	1,848
Fundraising expenses	30,794	-	30,794	28,396
Insurance	10,686	-	10,686	10,344
Miscellaneous	1,780	-	1,780	1,781
Office expenses	45,110	-	45,110	49,076
Printing, postage and courier	5,495	-	5,495	7,435
Professional fees	25,206	-	25,206	24,874
Volunteer expenses	3,874	-	3,874	5,637
Wages and benefits	209,146	-	209,146	209,413
	<b>333,689</b>	<b>-</b>	<b>333,689</b>	<b>338,804</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE AMORTIZATION AND UNREALIZED GAIN ON INVESTMENTS	<b>(75,463)</b>	<b>2,850</b>	<b>(72,613)</b>	<b>53,096</b>
AMORTIZATION	<b>(65,404)</b>	<b>-</b>	<b>(65,404)</b>	<b>(61,353)</b>
UNREALIZED GAIN ON INVESTMENTS	<b>161,526</b>	<b>-</b>	<b>161,526</b>	<b>156,193</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<b>20,659</b>	<b>2,850</b>	<b>23,509</b>	<b>147,936</b>

*(See accompanying Notes to Financial Statements)*

**WELLWOOD RESOURCE CENTRE OF HAMILTON**  
**STATEMENT OF CASH FLOWS**

*Year ended March 31*

	2014	2013
	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	23,509	147,936
Items not involving cash:		
Amortization	65,404	61,353
Realized loss (gain) on investments	(45,537)	2,233
Unrealized gain on investments	(161,526)	(156,193)
	(118,150)	55,329
Changes in non-cash working capital ( <i>Note 7</i> )	(534)	129,136
	(118,684)	184,465
<b>FINANCING ACTIVITIES</b>		
Decrease in deferred contributions	(3,551)	(853)
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in short-term investments	57,076	(3,816)
Purchase of capital assets	(8,615)	(130,116)
	48,461	(133,932)
<b>INCREASE (DECREASE) IN CASH</b>	<b>(73,774)</b>	<b>49,680</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>81,404</b>	<b>31,724</b>
<b>CASH, END OF YEAR</b>	<b>7,630</b>	<b>81,404</b>

*(See accompanying Notes to Financial Statements)*

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**WELLWOOD RESOURCE CENTRE OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS**

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*Year ended March 31, 2014*

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**1. PURPOSE OF ORGANIZATION**

The Organization is a not-for-profit organization which is committed to enhancing the quality of life and providing support programs for people living with and affected by cancer. Wellwood Resource Centre of Hamilton is a charitable organization incorporated without share capital under the Laws of Ontario and is exempt from income taxes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

**FINANCIAL INSTRUMENTS**

*Measurement of financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at fair value include short-term investments.

*Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.



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**WELLWOOD RESOURCE CENTRE OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS**

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*Year ended March 31, 2014*

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING**

The Organization follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants and donations.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is to be used for the sustainability of the Organization.

**CAPITAL ASSETS AND AMORTIZATION**

Capital assets are recorded at cost. An impairment loss is recognized when a capital asset no longer has any long-term service potential to the Organization. Amortization is provided for at the following methods and rates which are designed to charge the cost of capital assets to income over their estimated useful lives:

Building	40 years	straight-line
Landscaping	10 years	straight-line
Leasehold improvements	15 years	straight-line
Parking lot	8%	diminishing balance
Signage	20%	diminishing balance
Furniture and equipment	20%	diminishing balance
Computer and communication equipment	20 - 55%	diminishing balance
Computer software	45%	diminishing balance

**REVENUE RECOGNITION**

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund as it is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources must be used for the sustainability of the Organization and is recognized as revenue of the General Fund.

**TRANSLATION OF FOREIGN CURRENCIES**

All foreign denominated monetary assets and liabilities are translated at the exchange rate prevailing at the year end and revenue and expenses (other than amortization) at average rates of exchange during the period. Exchange gains and losses arising on the translation of the accounts are included in income. Non-monetary assets and liabilities are translated at historical rates of exchange.

**WELLWOOD RESOURCE CENTRE OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS**

*Year ended March 31, 2014*

**3. CAPITAL ASSETS**

	2014		2013	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Building	1,139,289	112,384	1,026,905	1,052,197
Landscaping	92,586	29,609	62,977	72,235
Leasehold improvements	109,673	8,963	100,710	108,021
Parking lot	16,786	3,147	13,639	14,825
Signage	20,827	8,102	12,725	15,907
Furniture and equipment	92,140	43,420	48,720	54,797
Artwork and antiques	102,200	-	102,200	102,200
Computer and communication equipment	40,805	34,963	5,842	10,217
Computer software	1,807	1,675	132	240
	<b>1,616,113</b>	<b>242,263</b>	<b>1,373,850</b>	<b>1,430,639</b>

**4. ACCOUNTS PAYABLE**

Included in the balance of accounts payable are other government remittances totalling \$4,669 (2013- \$3,738).

**5. DEFERRED CONTRIBUTIONS**

The deferred contributions reported in the General Fund for the current year represents unspent resources relating to restricted donations and sponsorships received in the current period that is related to the subsequent period. Changes in deferred contributions balance are as follows:

	2014 \$	2013 \$
Deferred contributions, beginning of year	19,970	20,823
Donations revenue received during the year that are externally restricted	9,680	5,300
Fundraising revenue received during the year for next year's event	-	1,500
Recognized as revenue during the year	(13,231)	(7,653)
Deferred contributions, end of year	<b>16,419</b>	<b>19,970</b>

**6. EXTERNALLY RESTRICTED FUND BALANCES**

Fund balances restricted for endowment purposes is subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income on this amount is externally restricted for stability purposes.

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**WELLWOOD RESOURCE CENTRE OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS**

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*Year ended March 31, 2014*

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**7. CHANGES IN NON-CASH WORKING CAPITAL**

	2014	2013
	\$	\$
Accounts receivable	(2,663)	7,576
Inventories	(3)	20
Prepaid expenses and deposits	(143)	2,245
Accounts payable	2,275	119,295
	(534)	129,136

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**8. FINANCIAL INSTRUMENTS**

**FOREIGN EXCHANGE RISK**

The Organization holds United States denominated short-term investments and is therefore subject to foreign exchange fluctuations. The Organization manages this risk by monitoring its United States dollar investments. As at March 31, 2014, the Organization has United States denominated cash and short-term investments in the amount of \$25,673 and \$771,111, respectively.

**MARKET RISK**

The Organization is exposed to market risk through its investments quoted in an active market. The Organization's investment portfolio is well diversified and there is no significant concentration of market risk.

**9. COMPARATIVE INFORMATION**

Certain financial information of the prior year has been re-stated in order to conform with the presentation adopted in the current reporting period.