Wellness & Emotional Support (WES) For Youth Online
Financial Statements
For the year ended December 31, 2022

Contents

Tel: 519-881-1211
Fax: 519-881-3530
www.bdo.ca

BDO Canada LLP
121 Jackson Street
PO Box 760
Walkerton ON N0G 2V0 Canada

Independent Auditor's Report

To the Members of
Wellness & Emotional Support (WES) For Youth Online

Qualified Opinion

We have audited the financial statements of Wellness & Emotional Support (WES) For Youth Online (the Entity), which comprise the statement of financial position as at December 31, 2022, and 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* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 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 not-for-profit organizations, the Entity derives revenue from donations, fundraising, and cash receipts 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 Entity 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Tel: 519-881-1211
Fax: 519-881-3530
www.bdo.ca

BDO Canada LLP
121 Jackson Street
PO Box 760
Walkerton ON N0G 2V0 Canada

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 Entity'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 Entity'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 Entity 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

Walkerton, Ontario
June 29, 2023

Wellness & Emotional Support (WES) For Youth Online
Statement of Financial Position

December 31	2022	2021
Assets		
Current		
Cash	$ 371,146	$ 306,662
Accounts receivable	77,212	6,979
Prepaid expenses	13,309	3,390
Current portion of investments (Note 4)	40,232	40,000
	501,899	357,031
Capital assets (Note 2)	1,076	1,346
Intangible assets (Note 3)	68,776	62,704
	$ 571,751	$ 421,081
Liabilities and Net Assets		
Current		
Accounts payable and accruals (Note 5)	$ 89,038	$ 78,405
CEBA loan (Note 7)	40,000	-
Deferred revenue (Note 8)	125,965	-
	255,003	78,405
CEBA loan (Note 7)	-	40,000
	255,003	118,405
Net Assets		
Unrestricted	316,748	302,676
	$ 571,751	$ 421,081

On behalf of the Board:

______________________________ Director

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

Wellness & Emotional Support (WES) For Youth Online
Statement of Operations

For the year ended December 31	2022	2021
Revenue		
Donations	$ 266,376	$ 210,110
Fundraising	-	11,785
Grants	48,715	4,428
Interest	1,301	248
CEWS funding	-	21,415
CERS funding	-	3,076
	316,392	251,062
Expenses		
Advertising	6,387	780
Bank charges	2,006	6,155
Counselling	72,167	121,913
Fundraising	1,339	7,172
Insurance	5,193	4,916
Office	11,190	7,815
Professional fees	17,634	14,408
Property taxes	-	896
Rent	2,304	-
Repairs and maintenance	1,233	3,241
Telephone and cable	1,070	1,408
Travel	1,655	1,416
Utilities	-	802
Wages	165,264	172,747
	287,442	343,669
Excess of revenue over expenses (expenses over revenues) from operations before amortization	28,950	(92,607)
Amortization of capital and intangible assets, net of amortization of deferred capital contributions	(14,878)	48,275
Gain on disposal of capital assets	-	(220,236)
Excess of revenues over expenses for the year	$ 14,072	$ 175,904

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

Wellness & Emotional Support (WES) For Youth Online
Statement of Changes in Net Assets

For the year ended December 31	2022	2021
Endowment		
Balance, beginning of year	$ -	$ 20,962
Net subtractions from endowment for the year	-	(20,962)
Balance, end of year	$ -	$ -
Unrestricted		
Balance, beginning of year	$ 302,676	$ 126,772
Excess of revenues over expenses for the year	14,072	175,904
Balance, end of year	$ 316,748	$ 302,676
Total		
Balance, beginning of year	$ 302,676	$ 147,734
Derecognition of endowment fund	-	(20,962)
	302,676	126,772
Excess of revenues over expenses for the year	14,072	175,904
Balance, end of year	$ 316,748	$ 302,676

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

Wellness & Emotional Support (WES) For Youth Online
Statement of Cash Flows

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	$ 14,072	$ 175,904
Items not involving cash		
Amortization of capital assets	270	336
Amortization of intangible assets	14,608	4,591
Amortization of deferred capital contributions	-	(53,203)
Gain on sale of capital assets	-	(220,236)
	28,950	(92,608)
Changes in non-cash working capital balances		
Accounts receivable	(70,233)	5,287
Prepaid expenses	(9,919)	(2,500)
Accounts payable and accrued liabilities	10,633	50,460
Deferred revenue	125,965	-
	85,396	(39,361)
Investing activities		
Purchases and reinvestments of investments	(40,232)	(40,000)
Sales and maturities of investments	40,000	-
Acquisition of capital and intangible assets	(20,680)	(44,341)
Proceeds on sale of capital and intangible assets	-	358,049
	(20,912)	273,708
Financing activities		
Repayment of long-term debt	-	(74,900)
Increase in cash during the year	64,484	159,447
Cash, beginning of year	306,662	147,215
Cash, end of year	$ 371,146	$ 306,662

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

1. Summary of Significant Accounting Policies

Nature of Business

The organization is a non-profit organization incorporated without share capital under the laws of Ontario. The purpose of the organization is to provide wellness and emotional support for youth through online professional counselling in a safe, secure, and confidential manner for communities across Ontario. The organization is exempt from income tax under the Income Tax Act.

Basis of Accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Accrual Accounting

The financial statements have been prepared using the accrual method of accounting. Under this method, expenses are recorded in the period in which they are incurred and interest income is recorded when earned.

Fund Accounting

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Endowment contributions are recognized as direct increases in net assets in the current period. Investment income earned on the resources of the endowment contributions are reported in the Statement of Operations unless there are any restrictions imposed by the endowment contributors.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and cash are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Inventory

Inventories of materials and supplies are valued at the lower of cost and net realizable value. Cost is determined using a weighted average basis.

1. Summary of Significant Accounting Policies (continued)

Capital and Intangible Assets

Purchased capital assets, comprising of furniture and fixtures, computer software and leasehold improvements are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization based on the estimated useful life of the asset is calculated as follows:

Building	- 4% diminishing balance basis
Computer software	- 50% diminishing balance basis
Equipment	- 20% diminishing balance basis
Platform	- 20% diminishing balance basis
Leasehold Improvements	- 4% diminishing balance basis

Revenue Recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fundraising income is recognized as revenue once the event has occurred.

Endowment contributions are recognized as direct increases in net assets.

Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases; wherein, rental payments are expensed as incurred.

Contributed Materials and Services

Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution, if fair value can be reasonably estimated.

Volunteers contribute their time to assist the organization in carrying out its activities. Due to the difficulty of determining the fair value, contributed services are not recognized in these financial statements.

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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. The principal estimates used in the preparation of these financial statements are the collectability of accounts receivable, amortization of deferred capital contributions, and estimated useful life of capital and intangible assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 5,650	$ 4,574	$ 5,650	$ 4,304
Net book value		$ 1,076		$ 1,346

3. Intangible Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	$ 15,820	$ 15,744	$ 15,820	$ 15,725
Platform	98,908	30,208	78,228	15,619
	$ 114,728	$ 45,952	$ 94,048	$ 31,344
Net book value		$ 68,776		$ 62,704

During the year, intangible assets amounting to $20,680 (2021 - $44,341) were acquired by the organization. All of this amount was acquired by the means of cash.

December 31, 2022

4. Long-term Investments, at cost

	2022	2021
Scotiabank GIC, 4.5% interest, due November 2023	$ 40,232	$ -
Scotiabank GIC, 0.58% interest, due October 2022	-	40,000
	40,232	40,000
Less current portion of long-term investments	40,232	40,000
Long-term portion of investments	$ -	$ -

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of $42,022 (2021 - $39,290).

6. Deferred Capital Contributions

Deferred capital contributions represent restricted contributions received for the purchase of depreciable capital assets. These contributions are recognized as a reduction of amortization expense on the statement of operations and changes in net assets calculated on a diminishing balance basis consistent with the amortization rate of the class of assets.

Changes in the deferred capital contributions balance during the year are as follows:

	2022	2021
Balance, beginning of year	$ -	$ 53,203
Amortization of contributions	-	(53,203)
Balance, end of year	$ -	$ -

7. CEBA Loan

	2022	2021
Loan payable, Libro Financial (net owing to receive forgiveness)	$ 40,000	$ 40,000
Less current portion	(40,000)	-
	$ -	$ 40,000

The Canada Emergency Business Account (CEBA) is a loan offered under COVID-19 relief measures. The total loan received amounted to $60,000, bears 0% interest with no payments required up to December 2022. Principal payments can be paid at any time without penalty or fees. If $40,000 of the $60,000 is repaid on or before December 31, 2023, $20,000 will be forgiven. Any balance not paid by December 31, 2023 will become a 5%, term loan.

The $20,000 forgivable grant amount has already been recognized as income in prior years.

8. Deferred Revenue

	2022	2021
James Goreski Private Foundation grant received	$ 29,380	$ -
Counselling platform maintenance fee expenses applied	-	-
Deferred grant remaining for future expenses	$ 29,380	$ -
Resilient Communities Fund grant received	$ 72,700	$ -
Resilient Communities Fund grant receivable	72,600	-
Total approved grant	145,300	-
Expenses applied	(48,715)	-
Deferred grant remaining for future expenses	$ 96,585	$ -
Total deferred grants	$ 125,965	$ -

The $29,380 James Goreski Private Foundation grant has been provided for various maintenance fees for the counselling platform.

The $145,300 Resilient Communities Fund grant received through the Ontario Trillium Foundation has been provided to cover personnel costs of $72,800, overhead and administration costs of $7,500, with the remaining $65,000 to cover purchased services, workshops, training and consulting costs.

9. Financial Instrument Risks

The company is exposed to various risks through its financial instruments. The following analysis provides a measure of the company's risk exposure and concentrations at December 31, 2022.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk arising from its investments.

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 interest rate risk arising from its accounts receivable.

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 company 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 accounts payable and accruals.

Market Risk

Market risk is the risk that the organization faces due to fluctuations in the equity markets. The organization is not exposed to significant market risk arising from its financial instruments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure the risk.