

Wellness & Emotional Support  
(WES) For Youth Online  
Financial Statements  
For the year ended December 31, 2019

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## Independent Auditor's Report

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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, 2019, 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, 2019, 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 expenses over revenues, and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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.

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## 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.

Chartered Professional Accountants, Licensed Public Accountants

Walkerton, Ontario  
September 1, 2020

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

December 31	General	Endowment Fund	2019	2018
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 74,953	\$ -	\$ 74,953	\$ 12,424
Accounts receivable	3,870	-	3,870	49
Clothing inventory	-	-	-	1,740
Prepaid expenses	390	-	390	2,985
Current portion of investments	-	-	-	2,000
	<u>79,213</u>	<u>-</u>	<u>79,213</u>	<u>19,198</u>
Endowment fund	-	19,182	19,182	17,652
Capital assets (Note 2)	144,729	-	144,729	143,361
Intangible assets (Note 3)	5,189	-	5,189	1,030
Long-term investments (Note 4)	-	-	-	3,119
	<u>\$ 229,131</u>	<u>\$ 19,182</u>	<u>\$ 248,313</u>	<u>\$ 184,360</u>
<b>Liabilities and Net Assets</b>				
<b>Current</b>				
Accounts payable and accruals (Note 5)	\$ 26,275	\$ -	\$ 26,275	\$ 23,576
Deferred revenue	-	-	-	3,046
Current portion of obligation under capital lease	-	-	-	75,000
Current portion of long-term debt	2,164	-	2,164	-
	<u>28,439</u>	<u>-</u>	<u>28,439</u>	<u>101,622</u>
Deferred capital contributions (Note 6)	56,220	-	56,220	59,583
Obligation under capital lease (Note 7)	-	-	-	-
Long-term debt (Note 8)	74,324	-	74,324	-
	<u>158,983</u>	<u>-</u>	<u>158,983</u>	<u>161,205</u>
<b>Net Assets</b>				
Endowment fund	-	19,182	19,182	17,652
Unrestricted	70,148	-	70,148	5,503
	<u>70,148</u>	<u>19,182</u>	<u>89,330</u>	<u>23,155</u>
	<u>\$ 229,131</u>	<u>\$ 19,182</u>	<u>\$ 248,313</u>	<u>\$ 184,360</u>

On behalf of the Board:

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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	General	Endowment Fund	2019	2018
<b>Revenue</b>				
Donations	\$ 267,027	\$ -	267,027	157,043
Fundraising	24,568	-	24,568	42,014
Grants	10,686	-	10,686	6,116
Interest	74	-	74	209
	<u>302,355</u>	<u>-</u>	<u>302,355</u>	<u>205,382</u>
<b>Expenses</b>				
Advertising	4,382	-	4,382	6,436
Bank charges	5,665	-	5,665	2,047
Clothing purchases	-	-	-	60
Community support	-	-	-	6,498
Consultants	3,420	-	3,420	1,879
Counselling	31,964	-	31,964	33,700
Fundraising	8,725	-	8,725	17,451
Insurance	6,944	-	6,944	3,072
Interest on lease obligation	1,469	-	1,469	3,750
Office	6,205	-	6,205	5,147
Professional fees	19,125	-	19,125	14,366
Property taxes	3,291	-	3,291	3,246
Repairs and maintenance	1,030	-	1,030	1,693
Telephone and cable	2,142	-	2,142	2,964
Travel	12,562	-	12,562	14,200
Utilities	2,747	-	2,747	3,064
Wages	124,135	-	124,135	95,495
	<u>233,806</u>	<u>-</u>	<u>233,806</u>	<u>215,068</u>
Excess of revenue over expenses (expenses over revenues) from operations before amortization	\$ 68,549	\$ -	\$ 68,549	\$ (9,686)
Amortization of capital assets, net of amortization of deferred capital contributions	2,374	-	2,374	3,991
Excess of revenues over expenses (expenses over revenues) for the year	<u>\$ 66,175</u>	<u>\$ -</u>	<u>\$ 66,175</u>	<u>\$ (13,677)</u>

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

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

For the year ended December 31 2019 2018

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Endowment

Balance, beginning of year	\$	17,652	\$	18,912
Transfer to unrestricted net assets		(531)		(945)
		17,121		17,967
Net additions (subtractions) to/(from) endowment fund for the year		2,061		(315)
Balance, end of year	\$	19,182	\$	17,652

Unrestricted

Balance, beginning of year	\$	5,503	\$	18,235
Transfer from endowment fund		531		945
		6,034		19,180
Excess of revenues over expenses (expenses over revenues) for the year		64,114		(13,677)
Balance, end of year	\$	70,148	\$	5,503

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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	2019	2018
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses (expenses over revenues) for the year	\$ 66,175	\$ (13,677)
Items not involving cash		
Amortization of capital assets	5,737	7,793
Amortization of deferred capital contributions	(3,363)	(3,802)
	68,549	(9,686)
Changes in non-cash working capital balances		
Accounts receivable	(3,821)	-
Funds held in trust	-	44,025
Inventory	1,740	697
Prepaid expenses	2,595	2,982
Accounts payable and accrued liabilities	2,699	(45,007)
Deferred revenue	(3,046)	(4,317)
	68,716	(11,306)
Investing activities		
Purchase of investments	-	(2,059)
Acquisition of capital and intangible assets	(11,264)	-
Sale of investments	5,119	-
Investment in endowment fund	(2,061)	-
Transfer from endowment fund	531	945
	(7,675)	(1,114)
Financing activities		
Advance of long-term debt	77,550	-
Repayment of long-term debt	(1,062)	-
Repayment of obligation under capital lease	(75,000)	-
	1,488	-
Increase (decrease) in cash during the year	62,529	(12,420)
Cash, beginning of year	12,424	24,844
Cash, end of year	\$ 74,953	\$ 12,424

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

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# Wellness & Emotional Support (WES) For Youth Online

## Notes to Financial Statements

December 31, 2019

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### 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. Unrestricted contributions are reported in the general fund.

Endowment contributions are reported in the Endowment Fund. Investment income earned on the resources of the endowment fund is reported in the Endowment Fund or General Fund, depending on the nature of any restrictions imposed by contributors of funds for endowment.

#### 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.

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# Wellness & Emotional Support (WES) For Youth Online

## Notes to Financial Statements

December 31, 2019

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### 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
Website	- 40% 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.

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## Wellness & Emotional Support (WES) For Youth Online Notes to Financial Statements

December 31, 2019

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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, estimated useful life of tangible and intangible assets and the market value of the capital lease obligation. Actual results could differ from management's best estimates as additional information becomes available in the future.

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2. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 25,000	\$ -	\$ 25,000	\$ -
Building	123,086	11,508	50,000	8,382
Computer equipment	4,695	3,667	3,746	3,528
Equipment	22,204	15,081	22,204	13,300
Leasehold improvements	-	-	80,466	12,845
	<b>\$ 174,985</b>	<b>\$ 30,256</b>	<b>\$ 181,416</b>	<b>\$ 38,055</b>
Net book value		<b>\$ 144,729</b>		<b>\$ 143,361</b>

During the year capital assets amounting to \$6,414 (2018 - \$nil) were acquired by the organization. All of this amount was acquired by the means of cash.

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## Wellness & Emotional Support (WES) For Youth Online Notes to Financial Statements

December 31, 2019

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### 3. Intangible Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	\$ 15,820	\$ 15,672	\$ 15,820	\$ 15,635
Website	12,995	7,954	8,145	7,300
	<u>\$ 28,815</u>	<u>\$ 23,626</u>	<u>\$ 23,965</u>	<u>\$ 22,935</u>
Net book value		<u>\$ 5,189</u>		<u>\$ 1,030</u>

During the year, intangible assets amounting to \$4,850 (2018 - \$nil) were acquired by the organization. All of this amount was acquired by the means of cash. Land and buildings that were previously under capital lease, have been purchased by the organization and the related leasehold improvements have been added to the cost of the building.

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### 4. Long-term Investments

	2019		2018	
Scotiabank GIC	\$ -	\$ -	\$ 2,000	\$ 2,000
Meridian GIC	-	-	-	3,119
		<u>-</u>	<u>-</u>	<u>5,119</u>
Less current portion of long-term investments			<u>-</u>	<u>(2,000)</u>
Long-term portion of investments		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,119</u>

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### 5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$2,509 (2018 - \$3,693).

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## Wellness & Emotional Support (WES) For Youth Online Notes to Financial Statements

December 31, 2019

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### 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:

	2019	2018
Balance, beginning of year	\$ 59,583	\$ 63,385
Amortization of contributions	(3,363)	(3,802)
Balance, end of year	\$ 56,220	\$ 59,583

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### 7. Obligation under Capital Lease

	2019	2018
Municipality of Brockton	\$ -	\$ 75,000
Less current portion of obligation under capital lease	-	(75,000)
Long term portion of obligation under capital lease	\$ -	\$ -

Wellness & Emotional Support (WES) for Youth Online exercised the option to purchase the building at the end of the 5 year term at a price of \$75,000 plus HST.

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### 8. Long-term Debt

	2019	2018
Loan payable, Libro Credit Union, 5.95%, payable \$554 principal and interest monthly, due June 2024	\$ 76,488	-
Less current portion of long-term debt	(2,164)	-
Long-term debt	\$ 74,324	\$ -

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## Wellness & Emotional Support (WES) For Youth Online Notes to Financial Statements

December 31, 2019

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### 9. Subsequent Events

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The full impact of the COVID-19 outbreak continues to evolve. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations.

It is expected that the pandemic will lead to a decrease in revenues in the coming year as a result of fewer donations and the cancellation of in-person fundraisers. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Entity is not able to estimate the full future effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

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### 10. 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, 2019.

#### 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 endowment fund and GIC 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, accrued liabilities, and obligation under capital lease.

#### 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.

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