Wellness & Emotional Support (WES) For Youth Online
Financial Statements
For the year ended December 31, 2020

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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, 2020, 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, 2020, 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, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2020 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Walkerton, Ontario
June 22, 2021

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

December 31	2020	2019
Assets		
Current		
Cash	$ 147,215	$ 74,953
Accounts receivable	12,266	3,870
Prepaid expenses	890	390
	160,371	79,213
Investments - Endowment	20,962	19,182
Capital assets (Note 2)	139,495	144,729
Intangible assets (Note 3)	22,954	5,189
	$ 343,782	$ 248,313
Liabilities and Net Assets		
Current		
Accounts payable and accruals (Note 4)	$ 27,945	$ 26,275
Current portion of long-term debt	74,900	2,164
	102,845	28,439
Deferred capital contributions (Note 5)	53,203	56,220
Long-term debt (Note 6)	-	74,324
CEBA loan (Note 9)	40,000	-
	196,048	158,983
Net Assets		
Endowment	20,962	19,182
Internally restricted	-	-
Unrestricted	126,772	70,148
	147,734	89,330
	$ 343,782	$ 248,313

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	2020	2019
Revenue		
Clothing sales	$ 180	$ -
Donations	317,931	267,027
Fundraising	4,580	24,568
Grants	4,364	10,686
Interest	-	74
CEWS funding	32,554	-
CEBA government grant (Note 9)	20,000	-
	379,609	302,355
Expenses		
Advertising	8,667	4,382
Bank charges	5,565	5,665
Consultants	-	3,420
Counselling	135,042	31,964
Fundraising	5,155	8,725
Insurance	5,907	6,944
Interest on lease obligation	-	1,469
Office	3,420	6,205
Professional fees	11,742	19,125
Property taxes	1,791	3,291
Repairs and maintenance	1,135	1,030
Telephone and cable	2,346	2,142
Travel	2,054	12,562
Utilities	2,388	2,747
Wages	129,694	124,135
	314,906	233,806
Excess of revenue over expenses from operations before amortization	64,703	68,549
Amortization of capital assets, net of amortization of deferred capital contributions	6,299	2,374
Excess of revenues over expenses for the year	$ 58,404	$ 66,175

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	2020	2019
Internally Restricted		
Balance, beginning of year	$ -	$ -
Transfer from (to) unrestricted net assets	-	-
Balance, end of year	$ -	$ -
Endowment		
Balance, beginning of year	$ 19,182	$ 17,652
Transfer to unrestricted net assets	(384)	(531)
	18,798	17,121
Net additions (subtractions) to/(from) endowment for the year	2,164	2,061
Balance, end of year	$ 20,962	$ 19,182
Unrestricted		
Balance, beginning of year	$ 70,148	$ 5,503
Transfer from endowment	384	531
	70,532	6,034
Excess of revenues over expenses for the year	56,240	64,114
Balance, end of year	$ 126,772	$ 70,148
Total		
Balance, beginning of year	$ 89,330	$ 23,155
Transfer to unrestricted net assets	(384)	(531)
Transfer from endowment fund	384	531
Transfer to restricted net assets	-	-
	89,330	23,155
Excess of revenues over expenses (expenses over revenues) for the year	58,404	66,175
Balance, end of year	$ 147,734	$ 89,330

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	2020	2019
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	$ 58,404	$ 66,175
Items not involving cash		
Amortization of capital assets	9,316	5,737
Amortization of deferred capital contributions	(3,017)	(3,363)
	64,703	68,549
Changes in non-cash working capital balances		
Accounts receivable	(8,396)	(3,821)
Inventory	-	1,740
Prepaid expenses	(500)	2,595
Accounts payable and accrued liabilities	1,670	2,699
Deferred revenue	-	(3,046)
	57,477	68,716
Investing activities		
Acquisition of capital and intangible assets	(21,847)	(11,264)
Sale of investments	-	5,119
Investment in endowment	(2,164)	(2,061)
Transfer from endowment	384	531
	(23,627)	(7,675)
Financing activities		
Advance of long-term debt	40,000	77,550
Repayment of long-term debt	(1,588)	(1,062)
Repayment of obligation under capital lease	-	(75,000)
	38,412	1,488
Increase in cash during the year	72,262	62,529
Cash, beginning of year	74,953	12,424
Cash, end of year	$ 147,215	$ 74,953

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

December 31, 2020

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
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.

December 31, 2020

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

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 25,000	$ -	$ 25,000	$ -
Building	123,086	15,972	123,086	11,508
Computer equipment	5,650	3,968	4,695	3,667
Equipment	22,204	16,505	22,204	15,081
	$ 175,940	$ 36,445	$ 174,985	$ 30,256
Net book value		$ 139,495		$ 144,729

During the year capital assets amounting to $955 (2019 - $6,414) were acquired by the organization. All of this amount was acquired by the means of cash.

December 31, 2020

3. Intangible Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	$ 15,820	$ 15,702	$ 15,820	$ 15,672
Website	33,887	11,051	12,995	7,954
	$ 49,707	$ 26,753	$ 28,815	$ 23,626
Net book value		$ 22,954		$ 5,189

During the year, intangible assets amounting to $20,892 (2019 - $4,850) 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.

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of $9,130 (2019 - $2,509).

5. 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:

	2020	2019
Balance, beginning of year	$ 56,220	$ 59,583
Amortization of contributions	(3,017)	(3,363)
Balance, end of year	$ 53,203	$ 56,220

December 31, 2020

6. Long-term Debt

		2020		2019
Loan payable, Libro Credit Union, 5.95%, payable $554 principal and interest monthly, due June 2021	$	74,900		76,488
Less current portion of long-term debt		(74,900)		(2,164)
Long-term debt	$	-	$	74,324

7. COVID-19

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.

Due to a couple of large $50,000 donations, the organization was able to overcome the pandemic and end up having a better than average year. With the state of the world appearing to be improving, the hope is that the organization will soon be back to a normal year and able to run their fundraiser. As well, there is hope the financial uncertainties of donors are behind them, and that donation revenue will rebound even without large donations.

8. Subsequent Events

Subsequent to year-end, the organization sold the building at 4 Park Street, Walkerton, Ontario for $375,000 plus HST.

9. CEBA Loan

		2020		2019
Loan payable, Libro Financial	$	60,000	$	-
Less government grant recognized		(20,000)		-
Loan repayable to receive forgiveness	$	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, 2022, $20,000 will be forgiven. Any balance not paid by December 31, 2022 will become a 5%, 3 year term loan with monthly payments, due in full by December 31, 2025.

The $20,000 grant amount has been recognized as income in the current year as it pertains to additional operating expenses that the company incurred in the year due to COVID-19.

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, 2020.

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.

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.