WELLKIN CHILD & YOUTH MENTAL WELLNESS

Financial Statements

March 31, 2023

WELLKIN CHILD & YOUTH MENTAL WELLNESS

Financial Statements

For The Year Ended March 31, 2023

Table of Contents **PAGE**

GRAHAM SCOTT ENNS LLP
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INDEPENDENT AUDITORS' REPORT

To the Members of **Wellkin Child & Youth Mental Wellness**:

Opinion

We have audited the financial statements of **Wellkin Child & Youth Mental Wellness**, which comprise the statement of financial position as at March 31, 2023, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the organization's financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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.

Auditors' 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.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

St. Thomas, Ontario

May 31, 2023

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

WELLKIN CHILD & YOUTH MENTAL WELLNESS

Statement of Financial Position
As at March 31, 2023

	2023	2022
	$	$
ASSETS		
CURRENT ASSETS		
Cash (Note 4)	**437,051**	32,309
Short-term investments (Note 2)	**-**	120,000
Accounts receivable	**14,500**	-
Government remittances recoverable	**45,455**	67,211
Prepaid expenses	**8,121**	4,830
	505,127	224,350
TANGIBLE CAPITAL ASSETS (NOTE 3)	**592,557**	581,158
TOTAL ASSETS	**1,097,684**	805,508
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**406,314**	188,510
Repayable to Ministries (Note 10)	**20,658**	20,658
Deferred contributions (Note 5)	**76,765**	27,641
	503,737	236,809
DEFERRED CONTRIBUTIONS - TANGIBLE CAPITAL ASSETS (NOTE 7)	**431,734**	434,331
TOTAL LIABILITIES	**935,471**	671,140
NET ASSETS	**162,213**	134,368
TOTAL LIABILITIES AND NET ASSETS	**1,097,684**	805,508

On behalf of the Board: Director Director

See accompanying notes to the financial statements.

WELLKIN CHILD & YOUTH MENTAL WELLNESS

Statement of Changes in Net Assets
For The Year Ended March 31, 2023

	2023 $	2022 $
BALANCE, BEGINNING OF YEAR	**134,368**	106,193
Excess of revenues over expenditures for the year	**27,845**	28,175
BALANCE, END OF YEAR	**162,213**	134,368

See accompanying notes to the financial statements.

WELLKIN CHILD & YOUTH MENTAL WELLNESS

Statement of Operations
For The Year Ended March 31, 2023

	2023	2022
	$	$
REVENUES		
Ministry of Health funding	**3,961,543**	3,811,744
Ministry of Children, Community and Social Services funding	**642,603**	610,021
Recoveries	**157,133**	151,339
Grants	**69,722**	150,000
Amortization of deferred contributions tangible capital assets (Note 7)	**60,682**	28,333
Donations and fundraising	**43,311**	59,449
Interest	**1,237**	178
Fees for service and miscellaneous	**122**	241
Ministry of Health - COVID-19 Emergency funding	**-**	256,125
	4,936,353	5,067,430
EXPENDITURES		
Salaries, wages and benefits	**3,649,693**	3,635,144
Building occupancy	**325,380**	362,509
Office administration	**297,002**	439,353
Purchased services - non-client related	**273,059**	249,137
Purchased service - client related	**180,886**	137,835
Training, education and conferences	**61,141**	77,928
Amortization	**46,685**	59,606
Membership fees and dues	**19,322**	13,182
Travel	**19,150**	10,786
Health and related expenses	**13,207**	32,600
Program supplies	**12,775**	18,869
Promotion and publicity	**10,208**	2,306
	4,908,508	5,039,255
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	**27,845**	28,175

WELLKIN CHILD & YOUTH MENTAL WELLNESS

Statement of Cash Flows
For The Year Ended March 31, 2023

	2023 $	2022 $
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	**27,845**	28,175
Adjustments for non-cash items:		
Amortization of tangible capital assets	**46,685**	59,606
Amortization of deferred capital contributions	**(60,682)**	(28,333)
	13,848	59,448
Changes in non-cash working capital:		
(Increase) in accounts receivable	**(14,500)**	-
(Increase) decrease in prepaid expenses	**(3,291)**	27,318
Increase (decrease) in accounts payable and accrued liabilities	**217,905**	(183,637)
Increase in repayable to Ministries	**-**	3,142
Decrease in government remittances recoverable	**21,756**	467
Increase (decrease) in deferred contributions	**49,124**	(310,222)
	270,994	(462,932)
	284,842	(403,484)
CASH FLOWS FROM (USED IN) INVESTMENT ACTIVITIES		
Proceeds from (Purchase of) sale of short-term investments	**120,000**	(120,000)
Purchase of tangible capital assets	**(58,084)**	(154,188)
	-	-
	61,916	(274,188)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deferred contributions - tangible capital assets	**58,084**	154,088
NET CHANGE IN CASH	**404,842**	(523,584)
CASH, BEGINNING OF YEAR	**32,209**	555,793
CASH, END OF YEAR	**437,051**	32,209

See accompanying notes to the financial statements.

NATURE OF THE ORGANIZATION

Wellkin Child & Youth Mental Wellness (the "organization") is a social services agency providing a range of high quality, comprehensive mental health services for children and youth and their families who reside in Oxford and Elgin Counties. The organization was incorporated under the Business Corporations Act (Ontario) without share capital and is a registered charity that is exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act of Canada.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Accounting Estimates

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in excess of revenues over expenditures in the period in which they become known.

In particular, the organization uses significant estimates when accounting for certain items, including:

Useful lives of tangible capital assets
Revenues and deferred revenues

Revenue Recognition

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 recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations which have been specifically contributed for the purpose of offsetting current expenses incurred in the course of the care of individuals are recognized as current operating revenue. Investment income includes interest and is recognized when earned. Contributions for tangible capital assets are deferred and recognized as revenue on the same basis as amortization is recorded.

Contributed Materials and Services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible Capital Assets

Tangible capital assets consist of land, building and equipment and are recorded at cost. When an asset is sold or otherwise disposed of, the original cost and related accumulated amortization are removed from the accounts, and any gain or loss is recognized in excess of revenues over expenditures. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Building	Straight-line over 40 years
Office equipment	Straight-line over 20 years
Computers	Straight-line over 5-10 years
Leasehold improvements	Straight-line over 5 years

Amortization begins the first month of the year following the year the asset is placed in service and up to the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Disclosure of Allocated Expenses

The organization engages in various programs. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The organization also incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

The organization allocates its expenses according to management's best estimate based upon a reasonable and consistent basis of the time, space, and other resources utilized.

Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market (if any), which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures.

Financial assets measured at fair value include cash.

Financial assets measured at amortized cost include accounts receivable and short-term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and repayable to Ministries.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in revenue and expenditures in the year of write down. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in revenue and expenditures in the year of reversal.

2. SHORT-TERM INVESTMENTS

	2023	2022
	$	$
RBC GIC, non-redeemable, 0.366% interest, matured April 2022	**-**	80,000
RBC GIC, non-redeemable, 0.366% interest, matured April 2022	**-**	40,000
	-	120,000

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	**2023**	2022
	$	$	**$**	$
Land	146,303	-	**146,303**	146,303
Building	354,215	118,085	**236,130**	191,295
Furniture and fixtures	339,682	194,697	**144,985**	155,981
Computer	185,910	163,186	**22,724**	33,310
Leasehold improvements	100,858	58,443	**42,415**	54,269
	1,126,968	534,411	**592,557**	581,158

4. CREDIT FACILITY

The organization has an authorized line of credit of $75,000, of which $75,000 (2022 - $75,000) remained unused at year end. The is due on demand with interest at Royal Bank prime plus 1.0%. The organization has provided a registered general security agreement over all property of the organization as security for the line of credit.

5. DEFERRED CONTRIBUTIONS

Deferred contributions pertain to externally restricted operating funding received in the current and prior periods that was not fully utilized in the current year. These contributions are deferred and recognized as revenue in the year in which the related program expenses are incurred.

	2023	2022
	$	$
Deferred contributions - beginning of year	**27,641**	337,863
Add: Other amounts received related to future years	**77,976**	22,304
Less: Amount recognized as revenue during the year	**(28,852)**	(332,526)
Deferred contributions - end of year	**76,765**	27,641

6. PENSION PLAN

The organization offers a defined contribution benefit plan where the organization will contribute 5.5% of each employee's gross salary after three months of service. During the year, the organization paid approximately $147,893 (2022 - $209,496) in pension costs.

7. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

Deferred contributions related to tangible capital assets represent contributed tangible capital assets and restricted contributions which were used to purchase the organization's building and computer equipment. Grants and donations are amortized on the same basis as the tangible capital assets to which they relate.

The changes during the year in deferred contributions related to tangible capital assets are as follows:

	2023	2022
	$	$
Deferred contributions - capital assets, beginning of year	**434,331**	308,576
Add: Contributions received in the year	**58,085**	154,088
Less: Recognized in revenue during the year	**(60,682)**	(28,333)
Deferred contributions - capital assets, end of year	**431,734**	434,331

8. OPERATING LEASES

The minimum annual lease payments required in each of the next five years in respect of operating leases for equipment, buildings and premises are as follows:

	$
2024	150,808
2025	148,174
2026	148,629
2027	148,871
2028	112,218

9. FINANCIAL INSTRUMENT RISKS

Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date. There were no changes in these risk assessments from the prior year.

Liquidity Risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. No financial liabilities of the organization were in default during the period. Management does not consider liquidity risk to be a significant risk.

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's main credit risks relate to its accounts receivable. Management does not consider credit risk to be a significant risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is not subject to interest rate risk with respect to its long-term debt as the mortgage has a fixed interest rate. Management does not consider interest rate risk to be a significant risk.

10. RECONCILIATION OF SURPLUS REPAYABLE TO MINISTRIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, which has differences in accounting requirements when compared to the Ministry of Children, Community and Social Services ("MCCSS") or Ministry of Health, (the "Ministries"), funding reporting submissions. Some differences include the treatment of tangible capital assets and related amortization and self-funded programs. Any surpluses are repayable to the Ministries and any deficits are the responsibility of the organization. At year end, the organization estimates that $Nil (2021-2022 - $3,142) is repayable to the Ministries for the 2022-2023 fiscal year. These amounts have not been assessed as repayable by the Ministries, but have been estimated as a liability and have been accrued in the financial statements.