WELLKIN CHILD & YOUTH MENTAL WELLNESS

Financial Statements

March 31, 2021

WELLKIN CHILD & YOUTH MENTAL WELLNESS

Financial Statements

For The Year Ended March 31, 2021

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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, 2021, 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, 2021, 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 26, 2021

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

WELLKIN CHILD & YOUTH MENTAL WELLNESS

Statement of Financial Position
As at March 31, 2021

	2021 $	2020 $
ASSETS		
CURRENT ASSETS		
Cash (Note 3)	**555,793**	97,078
Accounts receivable	**-**	3,102
Government remittances recoverable	**67,678**	34,380
Prepaid expenses	**32,148**	3,860
	655,619	138,420
TANGIBLE CAPITAL ASSETS (NOTE 2)	**486,677**	441,527
TOTAL ASSETS	**1,142,296**	579,947
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**372,148**	218,935
Repayable to MCCSS (Note 9)	**17,516**	14,020
Deferred contributions (Note 4) (Note 10)	**337,863**	-
	727,527	232,955
DEFERRED CONTRIBUTIONS (NOTE 4) (NOTE 10)	**-**	12,241
DEFERRED CONTRIBUTIONS - TANGIBLE CAPITAL ASSETS (NOTE 6)	**308,576**	241,491
TOTAL LIABILITIES	**1,036,103**	486,687
NET ASSETS	**106,193**	93,260
TOTAL LIABILITIES AND NET ASSETS	**1,142,296**	579,947

On behalf of the Board:

Director Mary Roberts
Chair

Director DAVID CREERY
TREASURER.

See accompanying notes to the financial statements.

WELLKIN CHILD & YOUTH MENTAL WELLNESS

Statement of Changes in Net Assets
For The Year Ended March 31, 2021

	2021 $	2020 $
BALANCE, BEGINNING OF YEAR	**93,260**	48,029
Excess of revenues over expenditures for the year	**12,933**	45,231
BALANCE, END OF YEAR	**106,193**	93,260

See accompanying notes to the financial statements.

WELLKIN CHILD & YOUTH MENTAL WELLNESS

Statement of Operations
For The Year Ended March 31, 2021

	2021	2020
	$	$
REVENUES		
MCCSS and Ministry of Health	**4,136,178**	4,001,534
Ministry of Health - COVID-19 Emergency Funding (Note 10)	**452,245**	-
Recoveries	**90,199**	94,011
MCCSS - Youth Justice	**78,750**	78,750
Grant - Community Foundations of Canada	**38,599**	-
Donations and fundraising	**34,786**	56,854
Amortization of deferred contributions tangible capital assets (Note 6)	**23,333**	23,333
Grant - Centre for Excellence	**-**	20,000
Fees for service and miscellaneous	**-**	5,660
Interest	**-**	300
	4,854,090	4,280,442
EXPENDITURES		
Salaries, wages and benefits	**3,288,946**	3,218,008
Purchased services - non-client related	**408,696**	188,557
Office administration	**369,334**	232,242
Building occupancy	**322,611**	265,206
Lead agency allocations	**193,242**	-
Purchased service - client related	**58,108**	102,818
Training, education and conferences	**57,576**	53,366
Amortization	**45,269**	39,698
Program supplies	**30,118**	9,079
Health and related expenses	**29,010**	12,340
Membership fees and dues	**16,003**	19,125
Travel	**12,454**	76,594
Promotion and publicity	**9,790**	18,178
	4,841,157	4,235,211
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	**12,933**	45,231

See accompanying notes to the financial statements.

WELLKIN CHILD & YOUTH MENTAL WELLNESS

Statement of Cash Flows
For The Year Ended March 31, 2021

	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	**12,933**	45,231
Adjustments for non-cash items:		
Amortization of tangible capital assets	**45,269**	39,698
Amortization of deferred capital contributions	**(23,333)**	(23,333)
	34,869	61,596
Changes in non-cash working capital:		
Decrease in accounts receivable	**3,102**	5,378
(Increase) decrease in prepaid expenses	**(28,288)**	6,593
Increase (decrease) in accounts payable and accrued liabilities	**153,212**	(79,710)
Increase in repayable to MCCSS	**3,496**	-
(Increase) decrease in government remittances recoverable	**(33,298)**	11,592
Increase (decrease) in deferred contributions	**325,622**	(46,921)
	423,846	(103,068)
	458,715	(41,472)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Sale of short term investments	**-**	30,000
Purchase of tangible capital assets	**(90,418)**	(27,856)
	(90,418)	2,144
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deferred contributions - tangible capital assets	**90,418**	-
Repayments of long-term debt	**-**	(18,277)
	90,418	(18,277)
NET CHANGE IN CASH	**458,715**	(57,605)
CASH, BEGINNING OF YEAR	**97,078**	154,683
CASH, END OF YEAR	**555,793**	97,078

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 amortized cost include accounts receivable and short-term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, current and long-term debt and repayable to Ministry of Children, Community and Social Services ("MCCSS")

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. TANGIBLE CAPITAL ASSETS

	Cost $	Accumulated Amortization $	**2021** **$**	2020 $
Land	146,303	-	**146,303**	146,303
Building	260,094	104,037	**156,057**	162,559
Furniture and fixtures	268,388	164,579	**103,809**	91,005
Computer	173,423	117,915	**55,508**	41,660
Leasehold improvements	66,589	41,589	**25,000**	-
	914,797	428,120	**486,677**	441,527

3. CREDIT FACILITY

The organization has an authorized line of credit of $75,000, of which $75,000 (2020 - $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.

4. 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.

	2021	2020
	$	$
Deferred contributions - beginning of year	**12,241**	59,162
Add: Ministry of Health funding related to future years (Note 10)	**256,125**	7,693
Add: Trillium Foundation funding related to future years	**75,000**	-
Add: Other amounts received related to future years	**2,190**	-
Less: Amount recognized as revenue during the year	**(7,693)**	(54,614)
Deferred contributions - end of year	**337,863**	12,241

5. 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 $145,009 (2020 - $140,185) in pension costs.

6. 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:

	2021	2020
	$	$
Deferred contributions - capital assets, beginning of year	**241,491**	264,824
Add: Contributions received in the year	**90,418**	-
Less: Recognized in revenue during the year	**(23,333)**	(23,333)
Deferred contributions - capital assets, end of year	**308,576**	241,491

7. OPERATING LEASES

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

	$
2022	112,517
2023	6,027
2024	3,648
2025	456

8. 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.

9. RECONCILIATION OF MINISTRY SURPLUS PAYABLE

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 MCCSS ("Ministry") funding reporting submission. Some differences include the treatment of tangible capital assets and related amortization and self funded programs. Any Ministry surpluses are repayable and any deficits are the responsibility of the organization. At year end, the organization estimates that $3,496 (2019-2020 - $nil) is repayable to the Ministry for the 2020-2021 fiscal year. These amounts have not been assessed as payable by the Ministry, but have been estimated as a liability and have been accrued in the financial statements.

10. MINISTRY OF HEALTH - COVID-19 EMERGENCY FUNDING

During the year, the Ministry of Health provided additional one-time funding to the organization to support emergency child and youth mental needs as a result of the COVID-19 pandemic. Total funding of $708,370 was received during the year with $256,125 of the funding remaining unspent as at March 31, 2021. The organization received permission from the Ministry of Health to carryover the $256,125 of unspent funding to the 2021-2022 fiscal year, and as a result, the unspent funding has been reported as deferred contributions as at March 31, 2021. The $452,245 in funding that was recorded as revenue during the year was used towards the following expenditures:

	2021 $
Lead agency allocations	**193,242**
Purchased services - non-client related	**97,334**
Office administration	**88,681**
Building occupancy	**47,721**
Training, education and conferences	**20,225**
Salaries, wages and benefits	**2,733**
Program supplies	**2,309**
	452,245

11. SIGNIFICANT EVENT

Prior and subsequent to the year end, the organization was exposed to economic risks associated with the COVID-19 pandemic. These risks continued past the year end date and are beyond the organization’s control. The impact of these risks cannot be identified at this time but could impact the organization’s operations, future net surplus, cash flows and financial conditions.