

Wesley Urban Ministries Inc.  
Financial Statements  
For the year ended March 31, 2024

**Wesley Urban Ministries Inc.**  
**Financial Statements**  
For the year ended March 31, 2024

---

**Contents**

<b>Independent Auditor's Report</b>	<b>2 - 3</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>4</b>
Statement of Operations	<b>5</b>
Statement of Changes in Net Assets	<b>6</b>
Statement of Cash Flows	<b>7</b>
Notes to Financial Statements	<b>8 - 15</b>



---

## Independent Auditor's Report

---

To the Board of Directors of Wesley Urban Ministries Inc.

### Qualified Opinion

We have audited the financial statements of Wesley Urban Ministries Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2024, 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 Organization as at March 31, 2024, 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 Organization derives revenue from donations and fundraising activities, 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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 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 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 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.

### 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 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
June 27, 2024

**Wesley Urban Ministries Inc.**  
**Statement of Financial Position**

**March 31** **2024** **2023**

**Assets**

**Current**

Cash and cash equivalents	\$ 1,281,297	\$ 1,182,780
Restricted cash and short-term investments (Note 2)	555,414	493,141
Accounts receivable	2,453,834	2,322,702
Prepaid expenses	117,412	165,392
	4,407,957	4,164,015

Restricted long-term investments (Note 2)	5,179,825	5,914,729
Endowment investments (Note 8)	33,887	32,433
Capital assets (Note 3)	1,228,387	389,653

**\$ 10,850,056** **\$ 10,500,830**

**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities	\$ 2,614,562	\$ 2,545,131
Deferred revenue (Note 5)	897,633	740,682
	3,512,195	3,285,813

Deferred capital contributions (Note 6)	187,503	292,292
---	---------	---------

**3,699,698** **3,578,105**

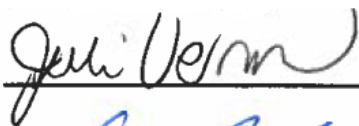

**Net Assets**

Unrestricted net assets	2,292,188	2,066,009
Board restricted net assets (Note 7)	4,824,283	4,824,283
Endowments (Note 8)	33,887	32,433

7,150,358 6,922,725

**\$ 10,850,056** **\$ 10,500,830**

On behalf of the Board:

 <hr style="border: 0.5px solid black;"/>	Director
 <hr style="border: 0.5px solid black;"/>	Director

## Wesley Urban Ministries Inc. Statement of Operations

For the year ended March 31	2024	2023
<b>Revenue</b>		
Community donations and grants (Note 9)	\$ 2,148,030	\$ 2,755,097
Grants		
Government of Canada	11,146,487	9,050,509
Government of Ontario	3,000,998	2,786,077
Municipalities	7,405,630	7,963,619
The United Church of Canada	-	60,554
Participant fees	1,762,768	1,838,814
Interest and investment income	1,283	5,176
Amortization of deferred capital contributions (Note 6)	142,344	166,328
	<b>25,607,540</b>	<b>24,626,174</b>
<b>Expenses</b>		
Salaries and benefits	14,238,696	13,221,317
Program expenses	6,253,417	5,949,645
Purchase of services	2,199,826	1,677,786
Rent	674,545	543,006
Building, property and janitorial	561,946	853,769
Amortization of capital assets	458,603	259,395
Maintenance and supplies	399,586	164,271
Communications	197,876	174,038
Professional fees	166,345	123,212
Fundraising	160,830	118,995
Travel	134,815	84,667
Office and general	101,989	31,225
Insurance	87,657	72,798
Staff development	84,900	75,738
Interest and other charges	19,403	14,604
COVID-19 programs and expenses	-	66,559
	<b>25,740,434</b>	<b>23,431,025</b>
<b>Excess of revenue (deficiency) over expenses before other items</b>	<b>(132,894)</b>	<b>1,195,149</b>
<b>Other items</b>		
Donations from various estates (Note 7)	10,020	312,965
Interest and investment income (loss) related to board restricted assets	356,507	(160,100)
Scholarships granted (Note 7)	(6,000)	(2,500)
	<b>360,527</b>	<b>150,365</b>
<b>Excess of revenue over expenses</b>	<b>\$ 227,633</b>	<b>\$ 1,345,514</b>

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

**Wesley Urban Ministries Inc.  
Statement of Changes in Net Assets**

**For the year ended March 31**

	Unrestricted (Note 7)	Board Restricted (Note 7)	Endowments (Note 8)	2024 Total
<b>Balance, beginning of year</b>	<b>\$ 2,066,009</b>	<b>\$ 4,824,283</b>	<b>\$ 32,433</b>	<b>\$ 6,922,725</b>
<b>Excess of revenue over expenses</b>	<b>226,179</b>	<b>-</b>	<b>1,454</b>	<b>227,633</b>
<b>Balance, end of year</b>	<b>\$ 2,292,188</b>	<b>\$ 4,824,283</b>	<b>\$ 33,887</b>	<b>\$ 7,150,358</b>

	Unrestricted (Note 7)	Board Restricted (Note 7)	Endowments (Note 8)	2023 Total
<b>Balance, beginning of year</b>	<b>\$ 721,223</b>	<b>\$ 4,824,283</b>	<b>\$ 31,705</b>	<b>\$ 5,577,211</b>
<b>Excess of revenue over expenses</b>	<b>1,344,786</b>	<b>-</b>	<b>728</b>	<b>1,345,514</b>
<b>Balance, end of year</b>	<b>\$ 2,066,009</b>	<b>\$ 4,824,283</b>	<b>\$ 32,433</b>	<b>\$ 6,922,725</b>

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

**Wesley Urban Ministries Inc.**  
**Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 227,633	\$ 1,345,514
Adjustments to reconcile excess of revenue over expenses to net cash provided by (used in) operating activities		
Amortization of deferred capital contributions	(142,344)	(166,328)
Amortization of capital assets	458,603	259,395
Changes in non-cash working capital balances		
Accounts receivable	(131,132)	(325,869)
Prepaid expenses	47,980	(145,338)
Accounts payable and accrued liabilities	69,431	625,748
Deferred revenue	156,951	204,269
	<b>687,122</b>	<b>1,797,391</b>
<b>Cash flows from investing activities</b>		
Proceeds (purchases) of restricted cash and investments, net	671,177	(816,139)
Capital asset additions	(1,297,337)	(9,888)
	<b>(626,160)</b>	<b>(826,027)</b>
<b>Cash flows from financing activity</b>		
Deferred contributions received	37,555	-
	<b>98,517</b>	<b>971,364</b>
<b>Increase in cash and cash equivalents during the year</b>	<b>98,517</b>	<b>971,364</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,182,780</b>	<b>211,416</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,281,297</b>	<b>\$ 1,182,780</b>
<b>Represented by</b>		
Cash	\$ 1,281,297	\$ 782,780
Cash equivalents	-	400,000
	<b>\$ 1,281,297</b>	<b>\$ 1,182,780</b>

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



---

# Wesley Urban Ministries Inc.

## Notes to Financial Statements

**March 31, 2024**

---

### 1. Significant Accounting Policies

#### **Nature of Business**

The Organization was founded in 1955 and was incorporated, as a corporation without share capital, under letters patent issued under the Ontario Corporation Act on August 22, 1979. The Organization is a registered Canadian charity and is therefore exempt from payment of income tax as provided under the Income Tax Act.

Its purpose is to alleviate and prevent poverty in Hamilton, Halton and Brantford, in every stage and from every walk of life.

#### **Basis of Accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue and expenses related to program delivery and administrative activities are reported in the Unrestricted fund.

Investment income earned on endowments is reported in the Statement of Operations and is used in accordance with the purposes established by the donors.

Board restricted net assets reports amounts that have been internally restricted by the Board of Directors. These may include bequests, donations, interest earned on restricted funds and any excess of revenue over expenses from operations formally restricted by the Board. The use of these funds requires approval from the Board of Directors.

#### **Revenue Recognition**

The Organization follows the deferral method of accounting for contributions, which include donations and government grants.

Revenue from unrestricted donations, fundraising, and participant fees is recognized when it is received.

Revenue derived from grants and externally restricted donations is recognized when the related expenditures have been made. Funds received for which the related expenditures have not been made are recorded as deferred revenue.

Externally restricted contributions for amortizable capital assets are deferred and amortized over the life of the related capital asset.

Investment income is recognized when earned.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and cashable guaranteed investment certificates.

---

## Wesley Urban Ministries Inc. Notes to Financial Statements

**March 31, 2024**

---

### 1. Significant Accounting Policies (Continued)

#### Capital Assets

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and equipment	- 5 years
Computer equipment	- 3 years
Vehicle	- 5 years

Leasehold improvements are amortized on a straight-line basis as follows:

467 Main Street East	- 5 years
155 Queen Street North	- 5 years
1900 Main Street West	- 5 years
52 Catharine Street	- 10 years

When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

#### Contributed Materials and Services

Volunteers contribute extensive time each year to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Due to the difficulty in determining the fair value of materials contributed to the Organization they are not recognized in the financial statements.

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equity instruments that are quoted in an active market are reported at fair value, with any unrealized gains and losses reported in revenue. 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 issues of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

## Wesley Urban Ministries Inc. Notes to Financial Statements

**March 31, 2024**

### 2. Restricted Cash and Investments

Board restricted cash and investments include term deposits, guaranteed investment certificates, corporate and government bonds and other fixed term securities, common shares, preferred shares and foreign securities. Restricted cash and investments with remaining maturities of less than one year in the amount of \$555,414 (2023 - \$493,141) are classified as restricted cash and short-term investments. Short-term fixed income investments bear interest between 1.94% and 2.61% (2023 - 2.00% and 3.94%). Investments with maturities greater than one year are classified as restricted long-term investments.

Restricted long-term investments consist of the following:

	2024		2023	
	Cost	Market	Cost	Market
Fixed income	\$ 3,116,542	\$ 2,951,655	\$ 3,056,304	\$ 2,847,665
Common shares	1,533,918	1,851,551	2,455,521	2,699,960
Preferred shares	222,255	209,198	222,255	202,413
Foreign securities	168,853	167,421	168,853	164,691
	<b>\$ 5,041,568</b>	<b>\$ 5,179,825</b>	<b>\$ 5,902,933</b>	<b>\$ 5,914,729</b>

Restricted long-term fixed income investments have maturity dates that range from June 2025 to January 2027 (2023 - July 2024 to January 2027) and bear interest between 2.33% and 5.24% (2023 - 1.94% and 2.61%).

The Organization's investments are managed by a third party investment manager and investments in the portfolio are made in accordance with the Organization's investment policy as approved by the Board established by the Finance and Risk Committee. The objective of the investment policy is to preserve capital and obtain modest growth, while minimizing volatility of the portfolio.

The Organization manages its portfolio investments based on its cash flow needs and with a view to optimising its investment income within an appropriate level of risk.

## Wesley Urban Ministries Inc. Notes to Financial Statements

**March 31, 2024**

### 3. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 950,855	\$ 880,403	\$ 920,935	\$ 816,044
Computer equipment	374,861	349,824	337,307	336,213
Leasehold improvements				
- Main Street W	598,692	449,684	598,691	374,873
Leasehold improvements				
- Queen	405,412	405,412	405,412	393,978
Leasehold improvements				
- Catharine	682,332	682,332	682,332	635,688
Leasehold improvements				
- Main Street E	1,229,862	245,972	-	-
Vehicle	35,449	35,449	35,449	33,677
	<b>\$ 4,277,463</b>	<b>\$ 3,049,076</b>	<b>\$ 2,980,126</b>	<b>\$ 2,590,473</b>
Net book value		<b>\$ 1,228,387</b>		<b>\$ 389,653</b>

During the year, leases for Queen and Catharine locations ended.

### 4. Operating Loan

The Organization has an operating line of credit of \$900,000 with the Royal Bank of Canada. As collateral, the Organization has provided a general security agreement covering all assets. Interest is charged at the bank's prime rate plus 1.15%. As at March 31, 2024, the outstanding loan amount was \$Nil (2023 - \$Nil).

### 5. Deferred Revenue

Included within deferred revenue are the following:

	2024	2023
City of Hamilton	\$ 82,034	\$ 133,461
Foundations	182,220	131,360
Government of Canada	-	3,014
Government of Ontario	125,602	13,714
Newcomer Fund	1,725	31,725
Other	342,131	342,949
Region of Halton	134,462	55,000
The United Church of Canada	29,459	29,459
	<b>\$ 897,633</b>	<b>\$ 740,682</b>

---

## Wesley Urban Ministries Inc. Notes to Financial Statements

**March 31, 2024**

---

### 6. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount of grants and donations received for the purchase of capital assets. The changes in the deferred capital contributions balance are as follows:

	2024	2023
Balance, beginning of year	\$ 292,292	\$ 458,620
Contributions received during the year	37,555	-
Amount amortized during the year	(142,344)	(166,328)
Balance, end of year	\$ 187,503	\$ 292,292

---

### 7. Board Restricted Net Assets

The Board of Directors (the "Board") has historically passed motions to restrict a portion of interest earned on board restricted net assets and the excess of revenue over expenses from operations. During the year, donations from various estates of \$Nil (2023 - \$Nil) were restricted in accordance with the Board policy of restricting individual donations in excess of \$10,000. During the year, the Board granted scholarships of \$6,000 (2023 - \$2,500) from interest and investment income related to board restricted net assets.

---

### 8. Endowments

Investment income generated from endowments must be used in accordance with the various purposes established by the donors. Management ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were intended.

---

### 9. Community Donations and Grants

	2024	2023
Individuals	\$ 545,541	\$ 1,360,900
Local churches	-	31,694
Hamilton Community Foundation	-	42,562
United Way	138,972	138,994
Groups and organizations	1,434,880	1,006,566
Special events	28,637	171,731
Corporate donations	-	2,650
	\$ 2,148,030	\$ 2,755,097

---

**Wesley Urban Ministries Inc.**  
**Notes to Financial Statements**

**March 31, 2024**

---

**10. Donated Goods**

The Organization receives donations in the form of goods for use in its programs. Based on management's estimate, the approximate value of goods received during the year was \$53,977 (2023 - \$115,225). No amount has been recorded in the financial statements for these donated goods.

---

**11. Commitments**

The Organization has operating leases for its various locations with aggregate minimum annual payments for the next five years as follows:

2025	\$ 517,514
2026	480,604
2027	476,837
2028	458,004
2029	<u>305,336</u>
	<u>\$ 2,238,295</u>

---

**12. Employee Retirement Program**

The Organization has established a RRSP benefit program available to full-time employees upon completion of one year of service. The Organization will contribute 2% of the individual employee's salary into a group RRSP plan. During the year, \$144,706 (2023 - \$123,330) was expensed within salaries and benefits on the Statement of Operations in connection with this program. Employees may also contribute to the group RRSP plan through payroll, directly deducted off of their biweekly pay.

**Wesley Urban Ministries Inc.**  
**Notes to Financial Statements**

**March 31, 2024**

**13. Licensed Childcare**

The Organization provides licensed childcare services in the City of Hamilton. Revenue and expenses associated with running the licensed childcare is as follows:

	<b>2024</b>	<b>2023</b>
<b>Revenue</b>		
Parent fees	\$ 529,823	\$ 527,608
Fee subsidy	1,252,826	1,158,191
Wage subsidy	769,976	413,994
	<b>2,552,625</b>	<b>2,099,793</b>
<b>Expenses</b>		
Wages and salary	1,719,751	1,454,325
Employee benefits	285,163	226,403
Administrative fees	204,890	192,912
Food	139,132	104,376
Program supplies	107,827	11,247
Rent	65,553	67,507
WSIB premium	17,199	14,376
Telephone	7,677	4,815
Cleaning supplies	4,391	1,253
Office and general supplies	3,162	3,062
Business insurance	3,000	3,000
Travel	800	847
Staff training and development	300	310
Catering	-	8,989
	<b>\$ 2,558,845</b>	<b>\$ 2,093,422</b>

---

**Wesley Urban Ministries Inc.**  
**Notes to Financial Statements**

**March 31, 2024**

---

**14. Financial Instruments**

**Liquidity Risk**

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. The Organization manages its liquidity risk by monitoring its operating requirements and maintaining available credit facilities. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. This risk has not changed from the prior year.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Organization is exposed to this risk through its interest bearing investments. Interest rate risk is managed by the Organization through construction of a portfolio of fixed yield investments with varying maturity and interest rates. Additionally, the Organization's policy is to hold the fixed yield investments until maturity in order to realize the coupon value of the instrument. This risk has not changed from the prior year.

**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 most significant exposure to credit risk is its accounts receivable.

**Market Risk**

Market risk arises from the possibility that changes in market prices will affect the level of investments held by the Organization. The Organization is subject to market risk on its restricted investments. The values of these restricted investments will fluctuate as a result of changes in market prices or other factors affecting the values of the investments.

---

**15. Comparative Figures**

The comparative information presented in the financial statements has been reclassified to conform to the current year's presentation.