

# **Wellspring Calgary**

Financial Statements  
**December 31, 2020**



## Independent auditor's report

To the Board of Directors of Wellspring Calgary

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Wellspring Calgary (the Organization) as at December 31, 2020 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.

#### What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at December 31, 2020;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### 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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### 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

PricewaterhouseCoopers LLP  
111-5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3  
T: +1 403 509 7500, F: +1 403 781 1825

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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.

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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 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta  
April 27, 2021

**Wellspring Calgary**  
Statement of Financial Position  
As at December 31, 2020

	2020 \$	2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,509,692	1,500,888
Short-term investment (note 4)	500,000	602,865
Interest, receivables and deposits	105,637	368,019
	<u>3,115,329</u>	<u>2,471,772</u>
<b>Capital assets</b> (note 5)	8,786,311	8,834,669
<b>Investments</b> (note 6)	11,208,756	10,020,923
	<u>23,110,396</u>	<u>21,327,364</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 15)	81,568	418,426
Deferred donations (note 7)	483,249	329,482
Ten year gifts (note 8)	-	1,000,000
	<u>564,817</u>	<u>1,747,908</u>
<b>Deferred contributions</b>		
Deferred donations (note 7)	2,494,690	2,462,774
Carma House (note 9)	1,021,883	1,048,483
Randy O'Dell House (note 10)	3,504,306	3,576,560
	<u>7,585,696</u>	<u>8,835,725</u>
<b>Net assets</b>		
John W. Stephure Tribute Fund (note 11)	2,901,035	1,648,413
Internally restricted invested in capital assets (note 11)	4,232,340	4,169,640
Internally restricted – Sustainability (note 11)	4,000,000	600,000
Unrestricted	4,391,325	6,073,586
	<u>15,524,700</u>	<u>12,491,639</u>
	<u>23,110,396</u>	<u>21,327,364</u>
<b>Commitment</b> (note 18)		

See accompanying notes to the financial statements.

**Approved by the Board of Directors**

Director

Director

# Wellspring Calgary

## Statement of Operations

For the year ended December 31, 2020

	2020 \$	2019 \$
<b>Revenue</b>		
Donations (notes 7 and 13)	2,542,011	1,823,985
Event revenue and donations	297,856	1,080,717
Government assistance – COVID-19 (note 2)	464,971	-
Investment income	527,001	315,421
Donated securities (note 3e)	14,715	313,719
Recovery of expenses	1,523	5,549
Amortization of deferred contributions	111,058	72,903
	<u>3,959,135</u>	<u>3,612,294</u>
<b>Expenses</b>		
Programs	1,700,759	1,734,571
Fundraising	258,352	277,221
Administration	185,160	201,484
Campaign (note 13)	-	152,825
Events	44,110	150,255
Amortization of capital assets	243,226	153,371
	<u>2,431,607</u>	<u>2,669,727</u>
<b>Excess of revenue over expenses before other items</b>	<u>1,527,528</u>	<u>942,567</u>
<b>Other items</b>		
Unrealized gain on investments	182,631	686,115
Realized gain on sale of investments	344,699	278,561
Unrealized loss on foreign exchange	(26,218)	(76,414)
Realized ten year gifts (note 8)	1,000,000	-
	<u>1,501,112</u>	<u>888,262</u>
<b>Excess of revenue over expenses</b>	<u>3,028,640</u>	<u>1,830,829</u>

See accompanying notes to the financial statements.

# Wellspring Calgary

## Statement of Changes in Net Assets

For the year ended December 31, 2020

					2020	2019
	Unrestricted \$	Internally restricted – Sustainability \$	John W. Stephure Tribute Fund \$	Internally restricted invested in capital assets \$	Total \$	Total \$
<b>Net assets – Beginning of year</b>	6,073,586	600,000	1,648,413	4,169,640	12,491,639	10,627,484
Excess of revenue over expenses	3,028,640	-	-	-	3,028,640	1,830,829
Endowment contribution	-	-	1,500	-	1,500	16,874
Internally restricted (note 11)	(4,651,122)	3,400,000	1,251,122	-	-	-
Purchase of capital assets	(191,947)	-	-	194,868	2,921	16,452
Amortization of capital assets	243,226	-	-	(243,226)	-	-
Amortization of deferred contributions	(111,058)	-	-	111,058	-	-
<b>Net assets – End of year</b>	<b>4,391,325</b>	<b>4,000,000</b>	<b>2,901,035</b>	<b>4,232,340</b>	<b>15,524,700</b>	<b>12,491,639</b>

See accompanying notes to the financial statements.

# Wellspring Calgary

## Statement of Cash Flows

For the year ended December 31, 2020

	2020 \$	2019 \$
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	3,028,640	1,830,829
Items not involving cash:		
Amortization of capital assets	243,226	153,371
Amortization of deferred contributions	(111,058)	(72,903)
Net realized gain on sale of investments	(344,699)	(278,561)
Unrealized gain on investments	(182,631)	(686,115)
Unrealized loss on foreign exchange	26,218	76,414
Net change in non-cash working capital (note 16)	(873,668)	351,057
Cash provided by operating activities	1,786,028	1,374,092
<b>Financing activities</b>		
Restricted donations for Randy O'Dell House	-	78,908
Endowment contribution	1,500	16,874
Cash provided by financing activities	1,500	95,782
<b>Investing activities</b>		
Purchase of short-term investments	(500,000)	-
Proceeds from sale of short-term investments	602,865	3,004,491
Purchase of capital assets	(194,868)	(4,101,778)
Purchase of investments	(9,437,468)	(3,981,282)
Proceeds from sale of investments	8,750,747	3,727,044
Cash used in investing activities	(778,724)	(1,351,525)
<b>Increase in cash and cash equivalents</b>	1,008,804	118,349
<b>Cash and cash equivalents – Beginning of year</b>	1,500,888	1,382,539
<b>Cash and cash equivalents – End of year</b>	2,509,692	1,500,888
<b>Cash and cash equivalents are represented by:</b>		
Cash	2,473,608	1,201,706
Cash held with investment advisors	36,084	299,182
	2,509,692	1,500,888

See accompanying notes to the financial statements.



# Wellspring Calgary

## Notes to Financial Statements

December 31, 2020

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### 1 Purpose of the Organization

Wellspring Calgary (the Organization) was founded for the purpose of providing: support programs and services for families living with cancer; opportunities for the development of self-help skills leading to an enhanced quality of life; access to cancer-related information; education for health care professionals; and periodic evaluation and research into the benefits of supportive care. The Organization was incorporated, without share capital, under the Alberta Companies Act on February 16, 2006 and is a registered charity under the Income Tax Act.

The Organization currently operates out of two locations, Carma House and Randy O'Dell House. Randy O'Dell House was completed in September 2019 and prior to that, programs and operations were held at our temporary location, Fountain Court.

### 2 COVID-19

In March 2020 the World Health Organization declared the COVID-19 outbreak a worldwide pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures which include restrictions on events and gatherings, the implementation of travel bans, quarantine periods and physical distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Governments and central banks have introduced significant monetary and fiscal relief programs designed to stabilize economic conditions, however the situation is dynamic, and the success of these interventions is not currently determinable.

The Organization has temporarily suspended in-person programs at its houses and moved quickly to online programming. Though it has been able to offer less programs overall due to this setback, the Organization achieved a record number of member participation in the year due to the fact that online programs do not limit participation in each program. The timing of the Organization's fundraising events was disrupted, however all the regularly scheduled events were staged either online, or appropriately socially distanced.

Management has assessed the financial impact of COVID-19 at December 31, 2020 including the collectability of receivables, valuation of assets and the assessment of provisions. The current economic challenges resulted in less event donation revenue in the year, however this was made up for by an increase in donations revenue over the prior year and COVID-19 government assistance received in the year, both in the form of grants (\$150,000) and wage subsidies (\$314,971). As well, the cost to stage events was significantly reduced. COVID-19 may have the following impacts on future operations of the Organization: reduced revenues due to the economic downturn and a reduced ability to stage events. To mitigate any potential operational constraints associated with possible cash flow reductions, management will continue to take advantage of any government assistance the Organization is eligible for. As well our fundraising efforts will expand and continue to look for new sources.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Organization is not known at this time. The Organization will continue to monitor the impacts of the pandemic on the community that it serves and its employees and continue to adjust to the situation.

# Wellspring Calgary

## Notes to Financial Statements

December 31, 2020

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### 3 Summary of significant accounting policies

The Organization's accounting and reporting policies conform to Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following:

#### a) Use of estimates

The preparation of financial statements in conformity with ASNPO 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 revenue and expenses during the year. Significant estimates included in these financial statements are the useful life of capital assets, amortization and revenue and expenditure accruals. Actual results can differ from those estimates.

#### b) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions and grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received. Contributions restricted for the purchase of depreciable capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Contributions restricted for the purchase of non-depreciable assets are recognized as direct increases in net assets. Endowment contributions are recognized as direct increases in net assets.

Unrestricted investment income is recognized as revenue when earned.

The Organization may receive government subsidies which provide immediate financial assistance as compensation for costs or expenditures to be incurred. The Organization recognizes government subsidies as revenue when received or receivable and when there is reasonable assurance that conditions attached to the subsidies are met.

#### c) Capital assets

Capital assets are recorded at cost, net of accumulated amortization and any provision for impairment. The cost for contributed capital assets is considered to be fair value at the date of contribution. The cost of capital assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components. Amortization is calculated on a straight-line basis over the estimated useful lives as follows:

Building	2 – 4%
Furniture and equipment	20%
Computer hardware	30%

# Wellspring Calgary

## Notes to Financial Statements

December 31, 2020

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### 3 Summary of significant accounting policies (continued)

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to the Organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The writedowns of capital assets are recognized as expenses in the statement of operations. Writedowns are not subsequently reversed.

#### d) Donations-in-kind

Volunteers contributed 6,632 hours assisting the Organization (2019 – 13,896 volunteer hours). Because of the difficulty of determining the fair value of volunteer services, contributed services related to volunteer activities are not recognized in the financial statements. Donated goods and services are recorded as both revenue and expense when the fair market value is reasonably determined and when they would normally be purchased and paid for by the Organization, if not donated.

Donated supplies and equipment received during the year and recorded in the financial statements are \$nil (2019 – \$56,666), which is the stated fair value on the date the supplies and equipment were received by the Organization.

#### e) Donated securities

When received, donated securities are immediately sold. Cash proceeds are used in accordance with the stipulations specified by the donor. Revenue associated with donated securities is recognized or deferred in accordance with the revenue recognition policy. The total donated securities of \$14,715 (2019 – \$313,719) were received during the year and recognized in the current year's revenue.

#### f) Cash and cash equivalents

Cash and cash equivalents include amounts held with banks and investment advisors.

#### g) Short-term investment

Short-term investment is a bank financial instrument that is highly liquid with a maturity of less than one year, readily convertible to known amounts of cash and subject to insignificant risk of change in value.

#### h) Allocation of expenses

The Organization allocates its costs to three functional areas: programs, fundraising and administration. General costs are allocated to the functional areas based on employee time spent and on usage of space in each area.

# Wellspring Calgary

## Notes to Financial Statements

December 31, 2020

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### 3 Summary of significant accounting policies (continued)

#### i) Financial instruments

The Organization initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost, other than investments as described in note 3(j). The financial assets subsequently measured at amortized cost include cash and cash equivalents, short-term investments, and interest, receivables and deposits. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

#### j) Investments

Segregated funds and pooled funds that are traded in the open market are measured at fair value. If an impairment has occurred, an assessment is performed to determine if a reduction to the recoverable amount will be recognized. Write downs of permanent impairment losses will be recognized in the statement of operations.

#### k) Foreign exchange

All amounts in the accompanying financial statements are stated in Canadian dollars. Foreign investment income is translated at the rates of exchange in effect on the dates of the transaction and foreign assets and liabilities are translated at the year-end rates of exchange.

### 4 Short-term investment

Short-term investment of \$500,000 (2019 – \$602,865) is invested in a highly liquid bank financial instrument.

### 5 Capital assets

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	2,328,876	-	2,328,876	2,328,876
Carma House	1,382,241	329,599	1,052,642	1,071,858
Randy O'Dell House	5,236,470	153,890	5,082,580	5,024,942
Furniture and equipment	413,273	204,174	209,099	303,648
Computer hardware	241,193	128,079	113,114	105,345
	9,602,053	815,742	8,786,311	8,834,669

Cost of land includes a 2007 contribution of \$400,000 from Brookfield Residential Properties Inc. (formerly Carma Developers LP) for Carma House, and \$1,028,000 from the late Randy O'Dell for the land required for Randy O'Dell House.

# Wellspring Calgary

## Notes to Financial Statements

December 31, 2020

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Brookfield Residential Properties Inc. contributed \$1,330,000 towards the design and construction of Carma House that was completed and in operation as of May 2009.

In addition to the funds used for the purchase of land, the late Randy O'Dell also contributed \$2,972,000 towards the construction of Randy O'Dell House. Construction of the building was completed in 2019 and the centre was opened for programs and services in October 2019.

### 6 Investments

	2020 \$	2019 \$
<b>Segregated funds</b>		
Canadian equities	1,505,233	1,457,005
International equities	2,126,552	1,909,328
Bonds	2,426,301	2,230,131
	<hr/> 6,058,086	<hr/> 5,596,464
<b>Pooled funds</b>		
Canadian equities	872,475	1,445,625
International equities	2,394,651	546,081
Bonds	1,883,544	2,432,753
	<hr/> 5,150,670	<hr/> 4,424,459
	<hr/> <b>11,208,756</b>	<hr/> <b>10,020,923</b>

All long-term investments are externally managed by investment advisors.

In order to earn financial returns at an acceptable level of risk, the investment advisors adhere to guidelines and policies as set out by the Organization. Management of financial risks is outlined in note 17.

Segregated funds and pooled funds are measured at fair value. There has been no impairment recognized in relation to either the segregated funds or the pooled funds in the current year.

**Wellspring Calgary**  
Notes to Financial Statements  
December 31, 2020

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**7 Deferred donations**

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>Balance – Beginning of year</b>	2,792,256	2,205,275
Restricted donations received in year	598,306	1,043,260
Casino proceeds	56,154	70,684
	<hr/>	<hr/>
Used for programs in year	3,446,716 (468,777)	3,319,219 (526,963)
	<hr/>	<hr/>
Less: Current portion	2,977,939 (483,249)	2,792,256 (329,482)
	<hr/>	<hr/>
<b>Balance – End of year</b>	<u>2,494,690</u>	<u>2,462,774</u>

Deferred donations consist of funds received that are restricted for designated purposes and are recognized in income when expenditures meeting the restrictions are made. Casino proceeds are for designated expenditures and are recognized in income when the expenditures are incurred.

**8 Deferred contributions – Ten year gifts**

The ten year gifts represent contributions in prior years from individuals subject to the direction that they be retained for a minimum of ten years. Upon expiration of the ten year restriction, the funds are recognized into revenue and are available for general purpose use.

	<b>2020</b>	<b>2019</b>
	\$	\$
Amount of restricted contributions	-	1,000,000
Less: Current portion	-	(1,000,000)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

The final remaining contribution of \$1,000,000 was recognized in revenue by the Organization in 2020.

**9 Deferred contribution – Carma House**

The deferred contribution consists of the appraised value of Carma House contributed by Brookfield Residential Properties Inc. and is being amortized annually on a straight-line basis of 2%.

# Wellspring Calgary

Notes to Financial Statements

December 31, 2020

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## 10 Deferred contributions – Randy O’Dell House

	2020 \$	2019 \$
<b>Balance – Beginning of year</b>	3,576,560	3,533,778
Restricted donations received in year	-	78,908
	<hr/>	<hr/>
Amortization of building	3,576,560 (72,254)	3,612,686 (36,126)
	<hr/>	<hr/>
<b>Balance – End of year</b>	<b>3,504,306</b>	<b>3,576,560</b>

Deferred contributions for Randy O’Dell House are restricted for the land, design and construction of Randy O’Dell House. Construction of Randy O’Dell House was completed in 2019, therefore, amortization of the deferred contribution is being amortized into revenue at the same amortization rate of 2% as applied to Randy O’Dell House.

## 11 Net assets

### John W. Stephure Tribute Fund

The John W. Stephure Tribute Fund is treated as an endowment fund. The principal is to be kept in perpetuity for the long term sustainability of the organization, and investment income earned which may be distributed annually, is restricted for use in programs and operations. In the current year, investment income of \$63,558 (2019 – \$42,646) was recognized as revenue. In prior consultation with the donors, the Board of Directors of the organization may designate the fund as unrestricted.

In the year, the following amounts totalling \$1,251,122 were internally restricted and added to the John W. Stephure Tribute Fund – \$1,000,000 from the Campaign for Wellspring gift; \$140,000 grant received in 2020; and a \$111,122 legacy gift.

### Internally restricted – Sustainability

In 2006, the Board approved net assets of \$600,000 to be internally restricted for the purpose of providing for future years’ operating costs. In 2020 the Board approved that an additional amount of \$3,400,000 be added to this internally restricted fund. It is intended that the funds be restricted for sustainability to: provide a source of operating revenue; cover underfunded programs and services if needed; contribute to capital replacement and repair; or provide for future development of the Organization.

# Wellspring Calgary

## Notes to Financial Statements

December 31, 2020

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### 11 Net assets (continued)

#### Internally restricted invested in capital assets

Amounts restricted for investment in capital assets represent the net amount of capital assets less deferred contributions for Carma House, Randy O'Dell House and contributed capital assets.

### 12 Remuneration for fundraising

As required under section 7(2)(e) of the Alberta Charitable Fundraising regulation, the following amounts are disclosed:

	2020 \$	2019 \$
Remuneration to employees whose principal duties involve fundraising	312,615	303,136

No direct costs were incurred for soliciting contributions and no amounts were paid as remuneration to a fundraising business.

### 13 Campaign for Wellspring Calgary

In 2016, the Organization commenced a campaign to raise \$12.9 million to meet growing demands within the community. The campaign goals included construction and operation of a second permanent facility called Randy O'Dell House, which now serves as a platform for serving southern Alberta and provides further operational sustainability for the Organization.

The campaign was completed in 2019, and the following has been raised and recorded as of December 31, 2020:

	\$
Donations revenue	4,421,866
Deferred donations	2,661,022
Randy O'Dell House – construction and land	4,641,408
Endowment	11,741
	<u>11,736,037</u>

While the campaign was completed in 2019 and Randy O'Dell House is currently operating, pledged amounts continue to be received. In 2020, \$1.09 million was received and recorded as revenue. In addition, pledges of \$1.28 million remain, but have not been recorded in the financial statements. The pledges are expected to be received over the next several years and will be recorded as revenue when received.



# Wellspring Calgary

## Notes to Financial Statements

December 31, 2020

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### 14 Allocation of expenses

The allocation of general operating expenses for the following functional areas is based on employee time spent and on usage of space in each area.

	2020 \$	2019 \$
Program	535,269	600,155
Fundraising	8,560	12,163
Administration	8,560	11,978
	<hr/> 552,389	<hr/> 624,296

### 15 Government remittances

Government remittances consist of amounts required to be paid to the government authorities and are recognized when the amounts are due. As of December 31, 2020, there were no amounts outstanding and payable to government authorities (2019 – \$nil).

### 16 Net change in non-cash working capital

	2020 \$	2019 \$
Interest, receivables and deposits	262,382	(174,345)
Accounts payable and accrued liabilities	(336,858)	(88,209)
Deferred donations (note 7)	200,808	613,611
Ten year gifts (note 8)	(1,000,000)	-
	<hr/> (873,668)	<hr/> 351,057

### 17 Financial risk management

#### a) Interest rate risk

The Organization is exposed to interest rate risk on its investments, which means that if interest rates decline the Organization may not be able to reinvest the maturing investment at a rate similar to that of the balance maturing. Corporate bonds and notes are also subject to general changes in the economic conditions of the market the issuers or these securities operate in and their respective business performance. These investments mature at various dates from March 2021 to September 2052 and have market yields varying from approximately 0.5% to 5.38%. To mitigate this risk, the Organization engages external investment advisors to manage the investment portfolio in accordance with the Organization's board approved investment guidelines. The effects of the pandemic has caused governments and central banks to introduce significant monetary and fiscal relief programs, resulting in lower interest rates short term. The long-term nature of these assets mitigates this risk and has resulted in Management's assessment that there are no concerns with the valuation of the Organization's investments.

# Wellspring Calgary

## Notes to Financial Statements

December 31, 2020

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### 17 Financial risk management (continued)

The short-term investment matures in May 2021 and has a yield of 1.25%. At year end, cash and cash equivalents was held in an interest earning bank account.

#### b) Liquidity risk

The Organization may be subject to liquidity risk if required to realize its investments in the near term. The risk is mitigated in part by the Organization maintaining a certain level of cash-on-hand to meet current operating requirements. To date the Pandemic has not caused the Organization to draw unusually on cash-on-hand and there is no reason to realize its investments at this time.

#### c) Credit risk

The Organization does not have a concentration of credit exposure with any one donor. The Organization does not consider that it is exposed to undue credit risk.

#### d) Price risk

The investments of the Organization are subject to price risk because: changing interest rates impact the market value of the fixed rate investments; and general economic conditions affect the market value of equity investments. The risk is mitigated through the use of external investment advisors who are responsible for the long-term investments and whose performance is routinely assessed by the Organization's Investment Committee.

#### e) Foreign exchange risk

The Organization has exposure to foreign exchange risk through holding foreign equities. Exchange rate changes impact the market value of the investments denominated in currencies other than the Canadian dollar.

### 18 Commitment

#### Equipment lease

In 2018, the Organization entered into a lease agreement for two photocopiers. The agreement will expire in 2023. The lease payments for the next three years are as follows:

	\$
2021	9,183
2022	9,183
2023	6,887
	<hr/>
	25,253
	<hr/>