

**WESLEY ACRES INC.**  
**NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2020**

## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
**WESLEY ACRES INC.**

### Qualified Opinion

We have audited the non-consolidated financial statements of **WESLEY ACRES INC.**, which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, Wesley Acres Inc. derives revenues from donations and fundraising, 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 Corporation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the non-consolidated financial statements for the year ended December 31, 2019 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 Non-Consolidated Financial Statements section of our report. We are independent of the Corporation 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 opinion.

### Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## INDEPENDENT AUDITOR'S REPORT (continued)

In preparing the non-consolidated financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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:

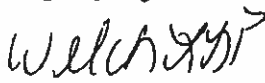
- ♦ Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk 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 Corporation'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 Corporation'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 non-consolidated 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 Corporation to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT (continued)

- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

Picton, Ontario  
March 27, 2021

  
CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**WESLEY ACRES INC.**  
*(Incorporated under the laws of Ontario)*  
**NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 691,371	\$ 183,820
Accounts receivable	4,099	4,818
Government assistance receivable - CEWS	10,026	-
HST receivable	9,477	14,943
Inventory	1,458	1,570
Prepaid expenses and deposits	65,615	64,886
Due from subsidiary - note 10	7,531	-
	<u>789,577</u>	<u>270,037</u>
<b>CAPITAL ASSETS - note 4</b>	<u>2,599,734</u>	<u>2,737,933</u>
<b>INVESTMENTS</b>		
Investments - note 5	10,301	216,126
Investment in subsidiary - note 6	216,586	190,056
	<u>226,887</u>	<u>406,182</u>
	<u>\$ 3,616,198</u>	<u>\$ 3,414,152</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 32,560	\$ 27,919
Deferred revenue	2,081	3,182
Due to subsidiary - note 10	-	11,896
	<u>34,641</u>	<u>42,997</u>
<b>DEFERRED CONTRIBUTIONS</b>		
Deferred contributions related to capital assets - note 7	1,191,683	1,265,881
Deferred contributions - other - note 8	76,619	77,742
	<u>1,268,302</u>	<u>1,343,623</u>
<b>TOTAL LIABILITIES</b>	<u>1,302,943</u>	<u>1,386,620</u>
<b>NET ASSETS</b>		
Internally restricted - invested in capital assets - note 9	1,408,049	1,472,052
Internally restricted reserves - note 9	284,682	214,368
Unrestricted net assets	403,938	151,056
Equity in subsidiary	216,586	190,056
	<u>2,313,255</u>	<u>2,027,532</u>
	<u>\$ 3,616,198</u>	<u>\$ 3,414,152</u>

Approved by the Board

DocuSigned by:

*Larry Jackson*

Director

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*Sam Mackay*

Director

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DocuSigned by:

*Doug Holt*

Director

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(See accompanying notes)

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**Welch LLP**

An Independent Member of BNR International

**WESLEY ACRES INC.**  
**NON-CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Accommodations	\$ 59,170	\$ 110,438
Facilities	525	4,691
Food services	1,426	75,780
Program	106	37,461
Donations	295,050	360,196
Boat storage fee	3,885	3,655
Government assistance - note 12	16,107	-
Shareholder loan interest	10	(75)
HST rebate	23,043	23,163
Miscellaneous	22,562	16,722
Rental income	10,397	8,871
Land rent from related party - note 10	384,150	285,000
	<u>816,431</u>	<u>925,902</u>
<b>EXPENSES</b>		
Housekeeping, Schedule 1	5,161	57,360
Administration, Schedule 2	289,383	328,056
Promotion - fundraising, Schedule 3	4,239	10,847
Food services, Schedule 4	9,760	76,706
Facilities, Schedule 5	98,265	153,942
Program, Schedule 6	28,628	201,632
	<u>435,436</u>	<u>828,543</u>
Excess of revenues over expenses before other items	<u>380,995</u>	<u>97,359</u>
<b>OTHER</b>		
Amortization of capital assets	(246,935)	(246,707)
Loss on disposal of capital assets	(7,283)	-
Amortization of deferred capital contributions - note 7	132,418	126,422
Equity pick up of current year income (loss) of subsidiary - note 6	26,530	(19,382)
	<u>(95,270)</u>	<u>(139,667)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ 285,725</u>	<u>\$ (42,308)</u>

*(See accompanying notes)*

**WESLEY ACRES INC.  
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2020**

	<u>Invested in Capital Assets</u>	<u>Internally Restricted Reserves</u>	<u>Invested in subsidiary</u>	<u>Unrestricted</u>	<u>2020 Total</u>	<u>2019 Total</u>
BALANCE, beginning of year	\$ 1,472,052	\$ 214,368	\$ 190,056	\$ 151,056	\$ 2,027,532	\$ 2,069,840
Excess (deficiency) of revenues over expenses	(114,516)	-	26,530	373,711	285,725	(42,308)
Investment in capital assets	50,515	-	-	(50,515)	-	-
Interfund transfers - note 11	-	70,314	-	(70,314)	-	-
BALANCE, end of year	<u>\$ 1,408,051</u>	<u>\$ 284,682</u>	<u>\$ 216,586</u>	<u>\$ 403,938</u>	<u>\$ 2,313,257</u>	<u>\$ 2,027,532</u>

(See accompanying notes)

**WESLEY ACRES INC.**  
**SCHEDULES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF HOUSEKEEPING**

**Schedule 1**

	<u>2020</u>	<u>2019</u>
Wages and benefits	\$ 4,291	\$ 48,564
Supplies	870	8,684
Honoraria	-	112
	<u>\$ 5,161</u>	<u>\$ 57,360</u>

**SCHEDULE OF ADMINISTRATION**

**Schedule 2**

	<u>2020</u>	<u>2019</u>
Wages and benefits	\$ 90,767	\$ 112,079
Professional fees	26,874	26,390
Telephone	5,585	5,858
Board and committee	810	3,885
Office	8,084	8,181
Taxes and insurance	78,194	73,818
Travel expenses	614	2,905
Utilities	41,573	65,124
Miscellaneous	23,995	12,947
Bank charges	12,887	16,869
	<u>\$ 289,383</u>	<u>\$ 328,056</u>

**SCHEDULE OF PROMOTION - FUNDRAISING**

**Schedule 3**

	<u>2020</u>	<u>2019</u>
Printing	\$ 1,947	\$ 4,089
Advertising	2,292	6,758
	<u>\$ 4,239</u>	<u>\$ 10,847</u>

*(See accompanying notes)*



**WESLEY ACRES INC.**  
**SCHEDULES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF FOOD SERVICES****Schedule 4**

	<u>2020</u>	<u>2019</u>
Wages and benefits	\$ 1,449	\$ 72,974
Food services - repairs and maintenance	3,039	3,732
Services	<u>5,272</u>	<u>-</u>
	<u>\$ 9,760</u>	<u>\$ 76,706</u>

**SCHEDULE OF FACILITIES****Schedule 5**

	<u>2020</u>	<u>2019</u>
Wages and benefits	\$ 32,776	\$ 40,530
Maintenance and repairs	61,830	107,088
Gas and diesel fuel	<u>3,659</u>	<u>6,324</u>
	<u>\$ 98,265</u>	<u>\$ 153,942</u>

**SCHEDULE OF PROGRAM****Schedule 6**

	<u>2020</u>	<u>2019</u>
Wages and benefits	\$ 27,749	\$ 103,284
Supplies	790	22,488
Honoraria	-	71,654
Rentals	-	977
Program - miscellaneous	<u>89</u>	<u>3,229</u>
	<u>\$ 28,628</u>	<u>\$ 201,632</u>

*(See accompanying notes)*

**WESLEY ACRES INC.**  
**NON-CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 285,725	\$ (42,308)
Adjustments for:		
Amortization of deferred capital contributions	(132,418)	(126,422)
Amortization of capital assets	246,935	246,707
Loss on disposal of capital assets	<u>7,283</u>	<u>-</u>
	407,525	77,977
Change in non-cash working capital components:		
Accounts receivable	719	13,748
Government assistance receivable - CEWS	(10,026)	-
HST receivable	5,466	13,392
Inventory	112	13,430
Prepaid expenses and deposits	(729)	(4,458)
Accounts payable and accrued liabilities	4,636	(5,762)
Deferred revenue	(1,101)	(14,171)
Deferred contributions - other	<u>(1,123)</u>	<u>(46,286)</u>
	<u>405,479</u>	<u>47,870</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of capital assets	(133,682)	(248,337)
Proceeds on disposal of capital assets	17,666	-
Donations received for capital asset acquisitions	58,220	45,027
Purchase of investments	(10,255)	(4,600)
Investments cashed	216,080	-
Equity pick up of current year	<u>(26,530)</u>	<u>19,382</u>
	<u>121,499</u>	<u>(188,528)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Advances to subsidiary	<u>(19,427)</u>	<u>(12,347)</u>
<b>INCREASE (DECREASE) IN CASH</b>	507,551	(153,005)
<b>CASH, beginning of year</b>	<u>183,820</u>	<u>336,825</u>
<b>CASH, end of year</b>	<u>\$ 691,371</u>	<u>\$ 183,820</u>

*(See accompanying notes)*

**WESLEY ACRES INC.**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**1. PURPOSE OF THE ORGANIZATION**

Wesley Acres Inc. is a non-profit charitable corporation incorporated under the laws of Canada. The purpose of the corporation is to preach, teach, promote, demonstrate, encourage, disseminate and implement the Gospel of Jesus Christ and related truths of the Holy Bible through facilities and programs that communicate and exemplify the Christian faith in furtherance of the teachings and practices of The Free Methodist Church in Canada.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**Use of estimates**

The preparation of non-consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining the estimated useful life of Corporation's capital assets and the net realizable value of inventory. Actual results could differ from these estimates.

**Revenue recognition**

The Corporation 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 and other revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Deposits for events in future years are recorded as deferred revenue.

**Contributed materials and services**

Contributed materials and services are recognized in the non-consolidated financial statements when a fair value can be reasonably estimated, when the materials and services are used in the normal course of operations and when they would otherwise have been purchased.

**Inventory**

Inventories are valued at the lower of cost and net realizable value with cost being determined substantially on a first-in, first-out basis.

**WESLEY ACRES INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital assets**

Capital assets are stated at acquisition cost. Amortization is provided on a straight-line basis over the estimated useful life of the assets as follows:

Building – wood construction	- 25 years
– steel construction	- 40 years
Equipment and furniture	- 5 years
Site services, roads and other land improvements	- 5 to 25 years
Trailer park	- 15 years
Dock	- 10 years
Shower Trailer	- 15 years
Signs	- 5 years
Trailer	- 5 years
Boat	- 15 years
Vehicles	- 3 years
Play structure	- 15 years

**Financial instruments**

The Corporation initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost.

The Corporation subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, HST receivable, inventory and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to subsidiary.

**Government assistance**

Government assistance received is recorded as revenue in the period to which it relates.

**Income taxes**

The Corporation is a registered charity, and as such, is exempt from income taxes.

**WESLEY ACRES INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investment in Subsidiary**

The Corporation has elected to report its investments in the wholly owned profit oriented subsidiary, Wesley Acres Trailer Park Inc., using the equity method of accounting. Under this method, net income of the subsidiary is reported as income of the Corporation and the investment value is adjusted to include the retained earnings of the subsidiary.

**3. FINANCIAL INSTRUMENTS**

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Corporation's risk exposure and concentrations.

**Credit risk**

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations.

The Corporation's maximum exposure to credit risk is represented by the carrying value of its cash and accounts receivable.

The Corporation's cash is on deposit with a Canadian chartered bank and therefore it is management's opinion that the Corporation is not subject to significant credit risk in respect to cash.

The Corporation is exposed to credit risk on accounts receivable from customers. The Corporation manages its credit risk by reviewing accounts receivable aging monthly and following up on outstanding amounts. Management believes that all accounts receivables at year-end will be collected and have not deemed it necessary to establish an allowance for doubtful accounts.

**Liquidity risk**

Liquidity risk is the risk that the Corporation will not be able to meet a demand for cash or fund its obligations as they come due. The Corporation manages this risk by reviewing its expected future cash flow requirements and by holding cash reserves.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

**WESLEY ACRES INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**3. FINANCIAL INSTRUMENTS (continued)**

**Currency risk**

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Corporation's investments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

**Interest rate risk**

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of the Corporation to interest rate risk arises from its interest bearing assets. The Corporation's investments include amounts on deposit with financial institutions that earn interest at market rates.

Fluctuations in market rates of interest on cash and investments do not have a significant impact on the Corporation's results of operations.

**Other price risk**

Other price risk refers to the risk that fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Corporation's fixed income securities are held through The Free Methodist Church in Canada. Management does not believe that it is exposed to significant risk through these holdings.

**Changes in risk**

There have been no significant changes in risk exposure from the prior year.

**WESLEY ACRES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**4. CAPITAL ASSETS**

Capital assets consist of the following:

	2020			2019
	Cost	Accumulated amortization	Net	Net
Aldersgate Lodge	\$ 195,357	\$ 113,836	\$ 81,521	\$ 64,047
Boat	22,538	10,521	12,017	13,520
Building improvements	687,397	538,466	148,931	167,160
Cabins	385,726	238,372	147,354	162,783
Dock	6,894	5,337	1,557	1,947
Douglas Memorial Centre	489,612	249,275	240,337	252,544
Equipment	955,245	912,786	42,459	59,360
Front gate sign	35,160	32,009	3,151	5,346
Land	200,000	-	200,000	200,000
Land improvements	1,403,079	850,107	552,972	565,850
Mapledene Motel	423,998	370,953	53,045	29,514
Other buildings	215,170	84,081	131,089	154,186
Picnic shelters and coverall	37,371	30,698	6,673	8,046
Play structure	195,850	39,170	156,680	169,736
Shower trailer	34,524	20,749	13,775	16,071
Tennis Court	30,656	30,656	-	-
Tenting area	16,508	16,508	-	-
Trailer	48,500	31,100	17,400	27,100
Trailer Park	263,728	253,668	10,060	12,031
Utility upgrade	299,090	199,001	100,089	120,023
Vehicles	38,332	38,332	-	5,997
Welcome Centre	860,654	205,313	655,341	688,548
Youth Campus	143,988	135,850	8,138	14,124
Memorial garden	18,370	1,225	17,145	-
	<u>\$ 7,007,747</u>	<u>\$ 4,408,013</u>	<u>\$ 2,599,734</u>	<u>\$ 2,737,933</u>

**WESLEY ACRES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**5. INVESTMENT**

Investments are reported at cost plus accrued interest and consist of the following:

	<u>2020</u>	<u>2019</u>
Free Methodist Church in Canada Bond earning interest at 1.75%, maturing Oct 2, 2020	\$ -	\$ 10,126
Free Methodist Church in Canada Bond earning interest at 1.75%, maturing Oct 2, 2021	10,301	-
Bank of Montreal, GIC, earning interest at 2% per annum, maturing August 26, 2020	<u>-</u>	<u>206,000</u>
	<u>\$ 10,301</u>	<u>\$ 216,126</u>

**6. INVESTMENT IN SUBSIDIARY**

As of January 1, 2014 the operations of Wesley Acres Inc. were divided between Wesley Acres Inc. and Wesley Acres Trailer Park Inc. Wesley Acres Inc. owns 100% of the common shares of Wesley Acres Trailer Park Inc.

Wesley Acres Inc. has recorded its investment in the wholly owned subsidiary using the equity method of accounting and the investment is detailed as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of the year	\$ 190,056	\$ 209,438
Equity pick up of current year income (loss)	<u>26,530</u>	<u>(19,382)</u>
	<u>\$ 216,586</u>	<u>\$ 190,056</u>

Summary financial information for Wesley Acres Trailer Park Inc. is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	\$ 284,897	\$ 227,018
Total liabilities	68,311	36,962
Shareholder's equity	216,586	190,056
Total revenues	841,544	770,139
Total expenses	815,014	789,521
Net income (loss)	26,530	(19,382)
Cash flows from - operations	47,772	8,929
- investing	7,650	7,649
- financing	\$ 16,745	\$ (11,438)



**WESLEY ACRES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions related to capital assets represent the restricted contributions received in the current and prior years for the acquisition of capital assets. Deferred contributions are amortized to revenue on the same basis that the capital assets acquired with the funding are amortized. The changes in the deferred contributions balance are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,265,881	\$ 1,347,276
Additional contributions	58,220	45,027
Amounts recognized as revenue	<u>(132,418)</u>	<u>(126,422)</u>
Balance, end of year	<u>\$ 1,191,683</u>	<u>\$ 1,265,881</u>

**8. DEFERRED CONTRIBUTIONS - OTHER**

Other deferred contributions consist of externally restricted donations for future camp improvements and certain operating purposes. Amounts are taken into revenue as specified expenses are incurred. Changes in the deferred contributions balance are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 77,742	\$ 124,028
Contributions received	58,034	28,696
Transferred to deferred capital contributions	(58,220)	(45,027)
Amounts recognized as revenue	(937)	(29,955)
	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 76,619</u>	<u>\$ 77,742</u>

**WESLEY ACRES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**9. INTERNALLY RESTRICTED NET ASSETS**

Invested in Capital Assets

The components of this fund are as follows:

	<u>2020</u>	<u>2019</u>
Capital assets	\$ 2,599,734	\$ 2,737,933
Deferred contributions related to capital assets	<u>(1,191,683)</u>	<u>(1,265,881)</u>
	<u>\$ 1,408,051</u>	<u>\$ 1,472,052</u>

**Reserves**

The Corporation has chosen to set aside funds for particular future expenses. These internally restricted funds have been designated by management for the following purposes:

	<u>2020</u>	<u>2019</u>
Capital repairs	\$ 53,527	\$ 2,746
Unspecified	<u>231,155</u>	<u>211,622</u>
	<u>\$ 284,682</u>	<u>\$ 214,368</u>

**WESLEY ACRES INC.**  
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**10. RELATED PARTY TRANSACTIONS**

The following related party transactions occurred in the normal course of business between the Corporation and its wholly owned subsidiary, Wesley Acres Trailer Park Inc. and have been recorded at their exchange amount which is the amount agreed upon by the related parties.

Wesley Acres Trailer Park Inc.

	<u>2020</u>	<u>2019</u>
Base rental costs	\$ 225,000	\$ 225,000
Additional rental costs	159,150	60,000
Donation	-	10,837

The amounts due from the subsidiary have no fixed terms of repayment. Interest of 2% annually is calculated on monthly balances.

Wesley Acres Trailer Park Inc. leases its land from Wesley Acres Inc. and is responsible for operating costs related to the facilities. Operating costs are shared jointly between the two organizations by applying set percentages to the operating costs for each organization as agreed to at budget time.

The lease is for a period of twenty years and it commenced in 2017 and has a base rent of \$225,000. In addition, it was approved to increase the base rent by \$75,000 for 2021 to 2023. For the year 2020, additional rent was paid of \$159,150. The additional rent will increase at least \$40,000 per year for subsequent years until 2022 to assist Wesley Acres Inc. with the costs associated with the sewer project.

The continuity of the due to shareholder balance is as follows:

	<u>2020</u>	<u>2019</u>
Opening balance	\$ (11,896)	\$ (24,243)
Repayment of loan	11,896	24,243
Split costs owed from Wesley Acres Trailer Park Inc.	(15,763)	(14,805)
Split costs owed to Wesley Acres Inc.	23,284	2,984
Interest owed on shareholder loan balance	<u>10</u>	<u>(75)</u>
	<u>\$ 7,531</u>	<u>\$ (11,896)</u>

**WESLEY ACRES INC.**  
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**11. INTERFUND TRANSFERS**

Interfund transfers represent amounts set aside by the Board, including interest earned on investments funding the restricted funds, less amounts released to fund qualifying expenditures in the year.

**12. GOVERNMENT ASSISTANCE**

During the year, the organization received funding under Canada's Emergency Wage Subsidy program. The Canada's Emergency Wage Subsidy is a government program assisting businesses during the COVID-19 pandemic.

The total subsidy received each reporting period is as follows:

	<u>2020</u>	<u>2019</u>
Period 1 - March 15th to May 9th	\$ 5,123	\$ -
Period 2 - May 10th to July 4th	3,915	-
Period 3 - July 5th to August 29th	4,958	-
Period 4 - August 30th to September 26th	<u>2,111</u>	<u>-</u>
	<u>\$ 16,107</u>	<u>\$ -</u>

**13. EMPLOYEE PENSION PLAN**

The Corporation is a member of the multi-employer pension plan, The Ministers' Pension Plan of The Free Methodist Church in Canada. The plan has two components, the first being a defined benefit plan to which membership and contributions were closed on March 31, 2009. The assets and liabilities of the defined benefit plan are not segregated and therefore are accounted for in the same manner as a defined contribution plan. The latest actuarial valuation of the multi-employer defined benefit plan, dated December 2020, showed a plan surplus. The second component of the plan is a defined contribution plan. Members contribute between 3% and 6% of their earnings, with the corporation making matching contributions. The Corporation's contributions to this plan were \$520 for 2020 (2019 - \$1,354).

There were no changes in the contractual elements in the plan in the year.

**WESLEY ACRES INC.  
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**14. SUBSEQUENT EVENT**

In Mid-March of 2020, the province of Ontario declared a state of emergency in response to public health concerns originating from the spread of the coronavirus disease. Those measures included travel restrictions and social distancing requirements which included a call to avoid crowded places and non-essential gatherings. On December 26, 2020 was the start of another stay at home order for Ontario related to COVID 19. This order lasted until February 10, 2021. At the time of issuing these financial statements the financial impact of these actions on the future operations of Wesley Acres Inc. is not yet known.