

WESLEY ACRES INC.
NON-CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the non-consolidated financial statements for the year ended December 31, 2021 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 controls that we identify during our audit.

Picton, Ontario
March 22, 2023



CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

WESLEY ACRES INC.
(Incorporated under the laws of Ontario)
STATEMENT OF FINANCIAL POSITION (continued)
DECEMBER 31, 2022

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 31,432	\$ 18,704
Deferred revenue	4,776	2,191
HST payable	-	3,641
Due to subsidiary - note 10	30,256	1,849
	<u>66,464</u>	<u>26,385</u>
DEFERRED CONTRIBUTIONS		
Deferred contributions related to capital assets - note 7	1,007,003	1,109,464
Deferred contributions - other - note 8	139,443	79,790
	<u>1,146,446</u>	<u>1,189,254</u>
TOTAL LIABILITIES	<u>1,212,910</u>	<u>1,215,639</u>
NET ASSETS		
Internally restricted - invested in capital assets - note 9	1,444,719	1,427,559
Internally restricted reserves - note 9	474,853	459,630
Unrestricted net assets	412,567	437,001
Equity in subsidiary	228,259	216,424
	<u>2,560,398</u>	<u>2,540,614</u>
	<u>\$ 3,773,308</u>	<u>\$ 3,756,253</u>

(See accompanying notes)

WESLEY ACRES INC.
NON-CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUES		
Accommodations	\$ 157,718	\$ 113,736
Facilities	13,805	2,343
Food services	155,018	79,300
Program	59,207	22,094
Donations - note 12	356,124	338,821
Boat storage fee	4,412	4,220
Government assistance - note 13	10,156	39,462
HST rebate	29,102	31,110
Miscellaneous	20,738	20,879
Rental income	12,398	11,893
Land rent from related party - note 10	341,919	481,075
Front shop	8,563	733
Interest income	7,851	1,295
	<u>1,177,011</u>	<u>1,146,961</u>
EXPENSES		
Housekeeping, Schedule 1	91,895	48,435
Administration, Schedule 2	381,476	357,199
Promotion - fundraising, Schedule 3	3,026	2,450
Food services, Schedule 4	188,737	111,883
Facilities, Schedule 5	244,294	194,673
Program, Schedule 6	127,481	70,118
	<u>1,036,909</u>	<u>784,758</u>
Excess of revenues over expenses before other items	<u>140,102</u>	<u>362,203</u>
OTHER		
Amortization of capital assets	(239,614)	(248,054)
Amortization of deferred capital contributions - note 7	107,461	113,371
Equity pick up of current year income (loss) of subsidiary - note 6	11,835	(162)
	<u>(120,318)</u>	<u>(134,845)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 19,784</u>	<u>\$ 227,358</u>

(See accompanying notes)

**WESLEY ACRES INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022**

	<u>Invested in Capital Assets</u>	<u>Internally Restricted Reserves</u>	<u>Invested in subsidiary</u>	<u>Unrestricted</u>	<u>2022 Total</u>	<u>2021 Total</u>
BALANCE, beginning of year	\$ 1,427,559	\$ 459,630	\$ 216,424	\$ 437,001	\$ 2,540,614	\$ 2,313,256
Excess (deficiency) of revenues over expenses	(132,150)	-	11,835	140,099	19,784	227,358
Investment in capital assets	149,310	-	-	(149,310)	-	-
Interfund transfers	-	15,223	-	(15,223)	-	-
BALANCE, end of year	<u>\$ 1,444,719</u>	<u>\$ 474,853</u>	<u>\$ 228,259</u>	<u>\$ 412,567</u>	<u>\$ 2,560,398</u>	<u>\$ 2,540,614</u>

(See accompanying notes)

WESLEY ACRES INC.
SCHEDULES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF HOUSEKEEPING**Schedule 1**

	<u>2022</u>	<u>2021</u>
Wages and benefits	\$ 85,143	\$ 43,437
Supplies	6,752	4,958
Honoraria	<u>-</u>	<u>40</u>
	<u>\$ 91,895</u>	<u>\$ 48,435</u>

SCHEDULE OF ADMINISTRATION**Schedule 2**

	<u>2022</u>	<u>2021</u>
Wages and benefits	\$ 129,001	\$ 111,232
Accounting and legal fees	31,403	46,777
Telephone	5,933	5,512
Board and committee	1,211	553
Office	13,913	7,627
Taxes and insurance	80,354	78,899
Travel expenses	176	261
Utilities	71,283	42,358
Miscellaneous	20,093	22,866
Bank charges	23,094	18,029
Services and fees	<u>5,015</u>	<u>23,085</u>
	<u>\$ 381,476</u>	<u>\$ 357,199</u>

SCHEDULE OF PROMOTION - FUNDRAISING**Schedule 3**

	<u>2022</u>	<u>2021</u>
Printing	\$ 221	\$ 223
Advertising	<u>2,805</u>	<u>2,227</u>
	<u>\$ 3,026</u>	<u>\$ 2,450</u>

(See accompanying notes)

WESLEY ACRES INC.
SCHEDULES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF FOOD SERVICES

	<u>2022</u>	<u>2021</u>
		Schedule 4
		<u>2021</u>
Wages and benefits	\$ 72,021	\$ 49,732
Supplies	83,071	57,482
Food services - repairs and maintenance	6,308	4,669
Services	<u>27,337</u>	<u>-</u>
	<u>\$ 188,737</u>	<u>\$ 111,883</u>

SCHEDULE OF FACILITIES

	<u>2022</u>	<u>2021</u>
		Schedule 5
		<u>2021</u>
Wages and benefits	\$ 61,977	\$ 47,838
Maintenance and repairs	172,618	140,124
Gas and diesel fuel	<u>9,699</u>	<u>6,711</u>
	<u>\$ 244,294</u>	<u>\$ 194,673</u>

SCHEDULE OF PROGRAM

	<u>2022</u>	<u>2021</u>
		Schedule 6
		<u>2021</u>
Wages and benefits	\$ 71,778	\$ 26,495
Supplies	13,140	15,485
Honoraria	39,280	26,144
Rentals	1,270	868
Program - miscellaneous	<u>2,013</u>	<u>1,126</u>
	<u>\$ 127,481</u>	<u>\$ 70,118</u>

(See accompanying notes)

WESLEY ACRES INC.
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 19,784	\$ 227,358
Adjustments for:		
Amortization of deferred capital contributions	(107,461)	(113,371)
Amortization of capital assets	<u>239,611</u>	<u>248,054</u>
	151,934	362,041
Change in non-cash working capital components:		
Accounts receivable	(30)	2,379
Government assistance receivable - CEWS	-	10,026
HST receivable	(21,643)	9,477
Inventory	4,018	(13,721)
Prepaid expenses and deposits	(2,014)	(5,283)
Accounts payable and accrued liabilities	12,728	(13,854)
Deferred revenue	2,585	110
Government remittances	(3,641)	3,641
Deferred contributions - other	<u>59,653</u>	<u>3,171</u>
	<u>203,590</u>	<u>357,987</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(154,310)	(185,343)
Donations received for capital asset acquisitions	5,000	31,152
Purchase of investments	(185)	(180)
Equity pick up of current year	<u>(11,835)</u>	<u>162</u>
	<u>(161,330)</u>	<u>(154,209)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Advances from subsidiary	<u>28,407</u>	<u>9,380</u>
INCREASE IN CASH	70,667	213,158
CASH, beginning of year	<u>904,529</u>	<u>691,371</u>
CASH, end of year	<u>\$ 975,196</u>	<u>\$ 904,529</u>
CASH CONSISTS OF:		
Operating account	\$ 375,154	\$ 374,351
Saving for reserves	<u>600,042</u>	<u>530,178</u>
	<u>\$ 975,196</u>	<u>\$ 904,529</u>

(See accompanying notes)

WESLEY ACRES INC.
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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, net realizable value of inventory, allowance for doubtful accounts and accrued liabilities. 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 THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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 THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

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 THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

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 THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

4. CAPITAL ASSETS

Capital assets consist of the following:

	2022			2021
	Cost	Accumulated amortization	Net	Net
Aldersgate Lodge	\$ 195,357	\$ 122,518	\$ 72,839	\$ 77,180
Boat	22,538	13,527	9,011	10,514
Building improvements	690,661	574,793	115,868	133,911
Cabins	385,726	269,230	116,496	131,925
Dock	33,037	8,729	24,308	1,168
Douglas Memorial Centre	498,130	273,902	224,228	228,130
Equipment	975,351	954,034	21,317	23,709
Front gate sign	35,160	34,683	477	954
Land	200,000	-	200,000	200,000
Land improvements	1,437,443	957,272	480,171	505,110
Mapledene Motel	539,509	384,325	155,184	120,540
Other buildings	251,551	109,200	142,351	121,643
Picnic shelters and coverall	37,371	33,444	3,927	5,300
Play structure	195,850	65,284	130,566	143,623
Shower trailer	34,524	25,341	9,183	11,479
Tennis Court	30,656	30,656	-	-
Tenting area	16,508	16,508	-	-
Trailer	61,400	53,660	7,740	19,020
Trailer Park	263,728	257,610	6,118	8,089
Utility upgrade	299,090	230,683	68,407	83,343
Vehicles	61,586	53,834	7,752	15,503
Welcome Centre	905,014	277,715	627,299	663,500
Youth Campus	143,988	143,078	910	2,596
Memorial garden	33,225	5,655	27,570	29,786
	\$ 7,347,403	\$ 4,895,681	\$ 2,451,722	\$ 2,537,023

WESLEY ACRES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. INVESTMENT

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

	<u>2022</u>	<u>2021</u>
Free Methodist Church in Canada Bond earning interest at 1.75%, maturing Oct 2, 2022	\$ -	\$ 10,480
Free Methodist Church in Canada Bond earning interest at 1.75%, maturing Oct 2, 2023	<u>10,645</u>	<u>-</u>
	<u>\$ 10,645</u>	<u>\$ 10,480</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>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 216,424	\$ 216,586
Equity pick up of current year income (loss)	<u>11,835</u>	<u>(162)</u>
	<u>\$ 228,259</u>	<u>\$ 216,424</u>

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

	<u>2022</u>	<u>2021</u>
Total assets	\$ 280,172	\$ 346,363
Total liabilities	51,913	129,939
Shareholder's equity	228,529	216,424
Total revenues	1,092,717	1,152,430
Total expenses	1,080,882	1,152,592
Net income (loss)	11,835	(162)
Cash flows from - operations	30,702	(51,010)
- investing	7,650	7,650
- financing	\$ (28,407)	\$ (12,128)

WESLEY ACRES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,109,464	\$ 1,191,683
Additional contributions	5,000	31,152
Amounts recognized as revenue	<u>(107,461)</u>	<u>(113,371)</u>
Balance, end of year	<u>\$ 1,007,003</u>	<u>\$ 1,109,464</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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 79,790	\$ 76,619
Contributions received	85,227	35,897
Transferred to deferred capital contributions	(5,000)	(31,152)
Amounts recognized as revenue	<u>(20,574)</u>	<u>(1,574)</u>
Balance, end of year	<u>\$ 139,443</u>	<u>\$ 79,790</u>

WESLEY ACRES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

9. INTERNALLY RESTRICTED NET ASSETS

Invested in Capital Assets

The components of this fund are as follows:

	<u>2022</u>	<u>2021</u>
Capital assets	\$ 2,451,722	\$ 2,537,023
Deferred contributions related to capital assets	<u>(1,007,003)</u>	<u>(1,109,464)</u>
	<u>\$ 1,444,719</u>	<u>\$ 1,427,559</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>2022</u>	<u>2021</u>
Capital repairs	\$ 140,664	\$ 162,281
Executive director's reserve	114,172	114,172
HST recovery	153,570	124,468
WATPI dividend	30,854	30,854
Unspecified	<u>35,593</u>	<u>27,855</u>
	<u>\$ 474,853</u>	<u>\$ 459,630</u>

WESLEY ACRES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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>2022</u>	<u>2021</u>
Base rental costs	\$ 330,000	\$ 300,000
Additional rental costs	<u>11,919</u>	<u>181,075</u>
	<u>\$ 341,919</u>	<u>\$ 481,075</u>

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 \$330,000 for 2022, increasing to 375,000 in 2023.

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

	<u>2022</u>	<u>2021</u>
Opening balance	\$ (1,849)	\$ 7,531
Repayment of loan	1,849	(7,531)
Split costs owed to Wesley Acres Trailer Park Inc.	(33,762)	(1,649)
Split costs owed from Wesley Acres Trailer Park Inc.	3,533	-
Interest owed on shareholder loan balance	<u>(27)</u>	<u>(200)</u>
	<u>\$ (30,256)</u>	<u>\$ (1,849)</u>

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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. DONATIONS

The donations received are as follows:

	<u>2022</u>	<u>2021</u>
General	\$ 194,756	\$ 163,118
Booster club	63,177	80,457
Program	91,835	88,969
In-kind	6,204	4,886
Reserves	<u>152</u>	<u>1,391</u>
	<u>\$ 356,124</u>	<u>\$ 338,821</u>

13. GOVERNMENT ASSISTANCE

During the year, Wesley Acres Inc. received the Canada Summer Jobs Grant which allows not-for-profit organizations to provide quality paid summer work experiences to individuals to aid in developing their skills for a better transition into the labour force.

The amounts received from Canada Summer Jobs is as follows:

	<u>2022</u>	<u>2021</u>
CEWS	\$ -	\$ 25,871
Canada summer jobs grant	<u>10,156</u>	<u>13,591</u>
	<u>\$ 10,156</u>	<u>\$ 39,462</u>

14. COMMITMENTS

The Corporation entered into a lease agreement in 2021 for the Xerox photocopier at an annual rental of \$4,977, with HST included, for sixty-six months. The amount of the commitments until the end of the lease are as follows.

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14. COMMITMENTS (continued)

2023	\$ 4,977
2024	4,977
2025	4,977
2026	<u>2,488</u>
	<u>\$ 17,419</u>

The expense for the lease is split between Wesley Acres Inc. (40%) and Wesley Acres Trailer Park Inc. (60%).

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2022 financial statements.