

**WESLEY ACRES TRAILER PARK INC.**

**FINANCIAL STATEMENTS**

**December 31, 2020**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of  
**WESLEY ACRES TRAILER PARK INC.**

### Opinion

We have audited the financial statements of **WESLEY ACRES TRAILER PARK INC.**, which comprise the balance sheet as at December 31, 2020, and the statements of income (loss) and retained earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 private enterprises.

### 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 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 opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

## INDEPENDENT AUDITOR'S REPORT

### 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 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 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.
- ◆ 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.

Picton, Ontario  
March 29, 2021



CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

Welch LLP<sup>®</sup>

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**WESLEY ACRES TRAILER PARK INC.**  
*(Incorporated under the laws of Ontario)*  
**BALANCE SHEET**  
**DECEMBER 31, 2020**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 169,454	\$ 97,287
Accounts receivable	24,583	26,230
Inventory	3,677	4,463
Prepaid expenses	18,393	16,108
HST receivable	22,891	15,977
Income taxes receivable - note 6	-	1,508
Due from shareholder - note 4	-	<u>11,896</u>
	<u>238,998</u>	<u>173,469</u>
<b>DEVELOPMENT COSTS RECEIVABLE - note 7</b>	45,899	53,549
	<u>\$ 284,897</u>	<u>\$ 227,018</u>

**LIABILITIES AND SHAREHOLDER'S EQUITY**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 23,588	\$ 31,532
Deferred revenue	32,263	-
Income taxes payable - note 6	2,181	-
Due to shareholder - note 4	7,531	-
	<u>65,563</u>	<u>31,532</u>
<b>DEVELOPMENT COSTS PAYABLE - note 7</b>	2,748	5,430
	<u>68,311</u>	<u>36,962</u>
<b>SHAREHOLDER'S EQUITY</b>		
Share capital - note 5	100	100
Retained earnings	216,486	189,956
	<u>216,586</u>	<u>190,056</u>
	<u>\$ 284,897</u>	<u>\$ 227,018</u>

Approved by the Board:

Bert van Gent Director  
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DocuSigned by: [Signature] Director

Doug Holt Director  
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*(See accompanying notes)*

**WESLEY ACRES TRAILER PARK INC.**  
**STATEMENT OF INCOME (LOSS) AND AND RETAINED EARNINGS**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Lot leases	\$ 728,997	\$ 681,470
Maintenance services	38,219	37,664
Miscellaneous	66,802	51,005
Government assistance - note 8	<u>7,526</u>	<u>-</u>
	<u>841,544</u>	<u>770,139</u>
<b>EXPENSES</b>		
Housekeeping (Schedule)	2,165	6,268
Administration (Schedule)	287,927	339,641
Maintenance (Schedule)	138,540	148,491
Promotion	51	792
Land rent	<u>384,150</u>	<u>285,000</u>
	<u>812,833</u>	<u>780,192</u>
Income (loss) before Other item and taxes	28,711	(10,053)
<b>OTHER EXPENSE</b>		
Donation to Wesley Acres Inc.	<u>-</u>	<u>(10,837)</u>
Income (loss) before taxes	28,711	(20,890)
Income tax (expense) recovery - note 6	<u>(2,181)</u>	<u>1,508</u>
<b>NET INCOME (LOSS)</b>	26,530	(19,382)
<b>RETAINED EARNINGS, beginning of year</b>	<u>189,956</u>	<u>209,338</u>
<b>RETAINED EARNINGS, end of year</b>	<u>\$ 216,486</u>	<u>\$ 189,956</u>

*(See accompanying notes)*

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

	<u>2020</u>	<u>2019</u>
<b>SCHEDULE OF HOUSEKEEPING</b>		
Wages and benefits	\$ 477	\$ 5,396
Supplies	1,478	832
Facility and equipment	<u>210</u>	<u>40</u>
	<u>\$ 2,165</u>	<u>\$ 6,268</u>

**SCHEDULE OF ADMINISTRATION**

Wages and benefits	\$ 124,489	\$ 152,592
Professional fees	14,251	15,251
Telephone	8,846	9,804
Board and committee	6	663
Office	7,611	10,608
Taxes and insurance	36,083	23,022
Travel expenses	381	334
Utilities	71,076	98,938
Miscellaneous	7,081	12,061
Bank charges	14,645	16,443
Bad debts	3,448	-
Shareholder loan interest	<u>10</u>	<u>(75)</u>
	<u>\$ 287,927</u>	<u>\$ 339,641</u>

**SCHEDULE OF MAINTENANCE**

Wages and benefits	\$ 51,081	\$ 60,795
Maintenance and repairs	81,761	78,570
Gas and diesel fuel	<u>5,698</u>	<u>9,126</u>
	<u>\$ 138,540</u>	<u>\$ 148,491</u>

*(See accompanying notes)*

**WESLEY ACRES TRAILER PARK INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 26,530	\$ (19,382)
Change in non-cash working capital components:		
Accounts receivable	1,647	36,546
Inventory	786	(547)
Prepaid expenses	(2,285)	(406)
HST receivable	(6,914)	(4,059)
Income taxes	3,689	(5,927)
Accounts payable and accrued liabilities	(7,944)	2,704
Deferred revenue	<u>32,263</u>	<u>-</u>
	<u>47,772</u>	<u>8,929</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Development costs receivable	<u>7,650</u>	<u>7,649</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from shareholder	19,427	12,347
Development costs payable	<u>(2,682)</u>	<u>(23,785)</u>
	<u>16,745</u>	<u>(11,438)</u>
<b>INCREASE IN CASH</b>	72,167	5,140
<b>CASH, beginning of year</b>	<u>97,287</u>	<u>92,147</u>
<b>CASH, end of year</b>	<u>\$ 169,454</u>	<u>\$ 97,287</u>

*(See accompanying notes)*

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

**1. BUSINESS ACTIVITIES**

The Corporation was incorporated under the Business Corporations Act of the Province of Ontario on December 31, 2013. The Corporation is a Christ centred Corporation that leases trailer park sites to seasonal campers.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and include the following significant accounting policies:

**Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when estimating allowance for doubtful accounts and the carrying value of its inventories. Actual results could differ from these estimates.

**Revenue recognition**

Lot lease revenue is recognized over the course of the camping season as the services are provided. Provision of services is generally presumed to occur as the lessors complete each day of their rental term.

Revenues from maintenance services and miscellaneous revenues are recognized as the services are provided. Provision of services is generally presumed to occur as the maintenance has been completed and the service received.

Revenue from miscellaneous revenue streams are recognized when the service has been provided or ownership of the goods has been transferred.

**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 TRAILER PARK INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

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

**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 its financial assets and financial liabilities at amortized cost.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, income taxes payable, amounts due to shareholder and development costs payable.

**Government assistance**

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

**Income taxes**

The Corporation accounts for income taxes using the taxes payable method.

**3. FINANCIAL INSTRUMENTS**

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

**Credit risk**

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations or if there is a concentration of risk with one party. The Corporation provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, a review of outstanding amounts and maintains provisions for uncollectible amounts when required. The Corporation has no significant exposure to any single debtor and no provision for uncollectible amounts has been recorded in the current year.

**Liquidity risk**

Liquidity risk is the risk that the company cannot meet its debts when they become due. The Corporation's management manages this risk by reviewing its expected future cash flow requirements and by holding cash reserves.

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

**3. FINANCIAL INSTRUMENTS (continued)**

**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.

**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 cash is 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 Corporation does not hold any financial instruments which will fluctuate due to changes in market interest rates, thus management does not believe it is exposed to significant interest rate risk.

**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 does not hold any financial instruments whose value would fluctuate with other price risk, thus management does not believe that it is exposed to significant risk.

**Changes in risk**

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

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

**4. RELATED PARTY TRANSACTIONS AND BALANCES**

**(a) Transactions**

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

Wesley Acres Inc.

	<u>2020</u>	<u>2019</u>
<b>Expenses</b>		
Base rent	\$ 225,000	\$ 225,000
Additional rent	159,150	60,000
Donation	-	10,837
	<u>\$ 384,150</u>	<u>\$ 295,837</u>

The Corporation 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.

	<u>Base rent</u>	<u>Additional rent</u>	<u>Total</u>
2021	\$ 300,000	\$ 40,000	\$ 340,000
2022	375,000	40,000	415,000
2023	450,000	-	450,000
2024	450,000	-	450,000
2025	450,000	-	450,000
	<u>\$ 2,025,000</u>	<u>\$ 80,000</u>	<u>\$ 2,105,000</u>

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

**4. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**(b) Balances**

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

	<u>2020</u>	<u>2019</u>
Opening balance	\$ (11,896)	\$ (24,243)
Payments received	11,896	24,243
Split costs owed from Wesley Acres 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>

Amounts due to (from) shareholder have no fixed terms of repayment. Interest of 2% annually is calculated on monthly balances.

**5. SHARE CAPITAL**

Share capital consists of the following:

**Authorized:**

The Corporation is authorized to issue an unlimited number of common shares.

**Issued:**

	<u>2020</u>	<u>2019</u>
Common shares - 100 shares	<u>\$ 100</u>	<u>\$ 100</u>

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

**6. INCOME TAXES**

The impact of differences between the Corporation's reported income tax expense and the expense that would otherwise result from the application of statutory tax rates as follows:

	2020	2019
Recovery (tax payable) at combined federal and provincial statutory rates	\$ (11,342)	\$ 8,252
Small business deduction (recovery)	4,880	(2,714)
Tax impact of charitable donations	4,281	(4,281)
Impact from loss carried back	-	251
	<b>\$ (2,181)</b>	<b>\$ 1,508</b>

**7. DEVELOPMENT COSTS**

In 2012 development of 16 new lots began and significant down payments were requested of lot leaseholders interested in securing lots early, in order to cover the costs of the development. It was later determined that the development costs were not as significant as first anticipated. Additional lot lease holders who requested the lots paid development costs in their annual fees, however, the amounts were not the same as those who had secured lots early on. This inequity was rectified by Wesley Acres Trailer Park in 2017. In order to accomplish this, some lot leaseholders are owed money and others owe money.

Individuals who are owed money will be repaid over 5 years with 2% annual interest applied as a reduction to annual lot lease payments. Those who owe money will repay the balances over 10 years with no interest.

The schedule of repayments for the next five years is as follows:

**Development costs receivable**

2021	\$ 7,650
2022	7,650
2023	7,650
2024	7,650
2025	7,650
Subsequent years	7,649
	<b>\$ 45,899</b>

**Development costs payable**

2021	<b>\$ 2,478</b>
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**WESLEY ACRES TRAILER PARK INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**8. 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:

	2020
Period 1 - March 15th to May 9th	\$ 2,285
Period 2 - May 10th to July 4th	2,285
Period 3 - July 5th to August 29th	1,419
Period 4 - August 30th to September 26th	1,537
	\$ 7,526

**9. 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 31, 2019, 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 totaled \$752 for 2020 (2019 - \$1,165).

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

**10. COMMITMENTS**

The Corporation has entered into a lease agreement in 2019 for the Xerox photocopier at an annual rental of \$4,807 plus HST for three years. The amount of the commitments until the end of the lease are as follows:

2021	\$ 5,432
2022	5,432
	\$ 10,864

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

**11. ECONOMIC DEPENDENCE**

The Corporation rents the land on which the trailer park resides from its parent Corporation Wesley Acres Inc. Wesley Acres Inc. invests in the infrastructure and equipment while the corporation share operating costs and staff. A situation like this would be very difficult to replace without damaging effects to the operations and net income of Wesley Acres Trailer Park Inc., thus, the Corporation is considered to be economically dependent on Wesley Acres Inc.

**12. 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 Trailer Park Inc. is not yet known.