

COMPASSION SOCIETY OF HALTON

FINANCIAL STATEMENTS
(Unaudited)

YEAR ENDED
DECEMBER 31, 2019

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of Compassion Society of Halton

We have reviewed the statement of financial position of Compassion Society of Halton at December 31, 2019 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements in a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many non-profit organizations, Compassion Society of Halton derives revenue from donations and various fundraising activities, the completeness of which are not susceptible of satisfactory review procedures. Accordingly, our analysis of revenue from donations and fundraising activities was limited to the amounts recorded in the records of the Compassion Society of Halton and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenditures, assets and net assets.

Qualified Conclusion

Based on our review, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations and fundraising revenue, as referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Compassion Society of Halton as at December 31, 2019, 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.

A handwritten signature in black ink that reads "R.A. Mirza". The signature is written in a cursive style with a horizontal line underneath the name.**Mississauga, Ontario****May 28, 2020****Authorized to Practice Public Accounting by the****Chartered Professional Accountants of Ontario**

COMPASSION SOCIETY OF HALTON

STATEMENT OF FINANCIAL POSITION (Unaudited)

DECEMBER 31, 2019

	ASSETS	
	2019	2018
CURRENT ASSETS		
Cash	\$ 41,283	\$ 43,404
Term deposits (Note 3)	35,022	-
Donations receivable	1,752	-
Harmonized sales tax recoverable	3,918	7,017
Prepaid expenses	<u>6,153</u>	<u>7,024</u>
	88,128	57,445
PROPERTY AND EQUIPMENT (Note 4)	<u>6,454</u>	<u>4,678</u>
	<u>\$ 94,582</u>	<u>\$ 62,123</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>11,545</u>	\$ <u>3,499</u>
NET ASSETS	<u>83,037</u>	<u>58,624</u>
	<u>\$ 94,582</u>	<u>\$ 62,123</u>



Director



Director

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

COMPASSION SOCIETY OF HALTON

STATEMENT OF REVENUE AND EXPENDITURES (Unaudited)

YEAR ENDED
DECEMBER 31, 2019

	2019	2018
		(Note 6)
REVENUE		
Donations		
Corporations	\$ 84,679	\$ 75,144
Individuals	73,101	47,947
In-kind	3,250	-
Fundraising	7,722	7,253
Property tax rebate	4,483	4,201
Interest revenue	87	-
Grants	-	10,154
	<u>173,322</u>	<u>144,699</u>
EXPENSES		
Rent	61,711	57,718
Salaries and benefits	43,819	52,505
Utilities	7,394	-
Program and office supplies	5,999	6,679
Automobile	5,713	3,152
Fundraising	5,673	5,499
Professional services	4,873	4,300
Volunteer appreciation	3,320	3,392
Business insurance	2,883	1,834
Telephone and internet	1,883	1,820
Computer supplies and services	1,831	-
Repairs and maintenance	1,825	943
Depreciation of property and equipment (Note 4)	1,474	1,984
Bank charges and interest	276	134
Advertising and promotion	235	300
	<u>148,909</u>	<u>140,260</u>
EXCESS OF REVENUE OVER EXPENSES		
FOR THE YEAR	<u>\$ 24,413</u>	<u>\$ 4,439</u>

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

COMPASSION SOCIETY OF HALTON

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

YEAR ENDED
DECEMBER 31, 2019

	2019	2018
NET ASSETS, BEGINNING OF YEAR	\$ 58,624	\$ 54,185
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>24,413</u>	<u>4,439</u>
NET ASSETS, END OF YEAR	<u>\$ 83,037</u>	<u>\$ 58,624</u>

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

COMPASSION SOCIETY OF HALTON

STATEMENT OF CASH FLOWS (Unaudited)

YEAR ENDED
DECEMBER 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 24,413	\$ 4,439
Items not affecting cash		
Depreciation of property and equipment	1,474	1,984
In-kind donations	(3,250)	-
Net change in non-cash operating working capital		
Increase in donations receivable	(1,752)	-
Increase in term deposits	(35,022)	-
Decrease in harmonized sales tax recoverable	3,099	731
Decrease (increase) in prepaid expenses	871	(2,000)
Increase in accounts payable and accrued liabilities	<u>8,046</u>	<u>1,001</u>
NET CHANGE IN CASH FOR THE YEAR	(2,121)	6,155
CASH, BEGINNING OF YEAR	<u>43,404</u>	<u>37,249</u>
CASH, END OF YEAR	<u>\$ 41,283</u>	<u>\$ 43,404</u>

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

COMPASSION SOCIETY OF HALTON

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

1. NATURE OF ORGANIZATION

The Compassion Society of Halton (the "Society") is a not-for-profit corporation, incorporated under the Ontario Corporation Act and is a registered charity under the provisions of Section 149(1) of the Income Tax Act of Canada. Its income is not taxable and it is eligible to issue official income tax receipts for charitable donations. The Society's mission is to respond to the needs of the community with support and by providing clothing, food, and referrals to local connections.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Part III of the Chartered Professional Accountants of Canada ("CPA") Accounting Handbook - Accounting Standards for Not-for-Profit organizations, which sets out generally accepted accounting principles for Not-for-Profit organizations in Canada ("GAAP") and include the significant accounting policies described hereafter.

(a) Revenue recognition

The Society follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Core funding grants from government and other institutions are recorded as revenue as the services are rendered.

Interest revenue is recognized as revenue when earned.

(b) Donated material and services

The Society receives donation of material and services. Material which would otherwise be paid for by the Society are recorded at fair value when reasonably determinable. Donated clothes and other articles are not recorded as inventory in these financial statements. The value of services provided by the Society's many volunteers are not reflected in these financial statements.

(c) Property and equipment

Property and equipment are valued at cost. Depreciation is calculated on the diminishing balance method at the following annual rates:

Leasehold improvements	20%
Furniture & equipment	30%
Computers	30%
Automobiles	30%

When an asset is either acquired or disposed of during the year, the full-year depreciation calculation is prorated between the accounting periods involved.

Contributed property and equipment are recorded at fair market value at the date of the contribution.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Impairment of property and equipment

Property and equipment and other assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying value of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(e) Use of estimates

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

(f) Financial instruments

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. Transaction costs incurred on the acquisition of financial instruments are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, and if the Society determines there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset, the carrying value of the financial asset is reduced to the highest of (i) the present value of the expected cash flows, (ii) the amount that could be realized from selling the financial asset or (iii) the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The Society's financial instruments consist of cash, donations receivable, term deposits, accounts payable and accrued liabilities. Cash is measured at fair value and all other financial instruments are measured at amortized cost.

COMPASSION SOCIETY OF HALTON

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

3. TERM DEPOSITS

Term deposits are comprised of guaranteed investment certificates, which are readily convertible to cash. Term deposits bear an average yield to maturity of 1.30% to 2.10% with maturity dates ranging from October to December 2020.

4. PROPERTY AND EQUIPMENT

	2019			2018
	Cost	Accumulated Depreciation	Net	Net
Leasehold improvements	\$ 638	\$ 549	\$ 89	\$ 111
Furniture & equipment	10,120	6,517	3,603	620
Computer equipment	2,860	2,689	171	245
Automobiles	<u>10,792</u>	<u>8,201</u>	<u>2,591</u>	<u>3,702</u>
	<u>\$ 24,410</u>	<u>\$ 17,956</u>	<u>\$ 6,454</u>	<u>\$ 4,678</u>

Depreciation of property and equipment for the year amounts to \$1,474 (2018 - \$1,984).

During the year, the Society received a \$3,250 in-kind donation of equipment.

5. FINANCIAL INSTRUMENTS

Risks and concentration of risk

The Society is exposed to various risks through its financial instruments. The Society's risk exposure and concentrations as at December 31, 2019 are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society does not have significant exposure to credit risk. There has been no change in the risk assessment from 2018.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its obligations associated with financial liabilities. The Society is exposed to liquidity risk mainly in respect of its accounts payable. The Society expects to meet these obligations as they fall due by generating sufficient cash flow from operations. There has been no change in the risk assessment from 2018.

Market Risk

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Society is not exposed to currency risk. There has been no change in the risk assessment from 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its term deposits. The Society manages this risk by holding primarily guaranteed investment certificates and staggering the terms of the investments held. There has been no change in the risk assessment from 2018.

Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all similar financial instruments traded in the market. The Society is not exposed to other price risk. There has been no change in the risk assessment from 2018.

COMPASSION SOCIETY OF HALTON

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

6. COMPARATIVE STATEMENTS

The presentation of certain amounts on the statement of revenue and expenditure for the previous year has been changed to conform with the financial statement presentation adopted for 2019.

	As amended	2018 As previously presented
Program and office supplies	\$ 6,679	\$ 10,567
Volunteer appreciation	3,392	-
Repairs and maintenance	<u>943</u>	<u>447</u>
	<u>\$ 11,014</u>	<u>\$ 11,014</u>

7. SUBSEQUENT EVENT

Subsequent to year ended December 31, 2019, the COVID-19 pandemic has caused significant and negative impact to the global financial market. The Society continues to monitor and assess the impact on its operating activities. The potential impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.