

COMPASSION SOCIETY OF HALTON

FINANCIAL STATEMENTS
(Unaudited)

YEAR ENDED
DECEMBER 31, 2018

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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, 2018 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 is 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 fund raising 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, 2018, 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 16, 2019

Authorized to Practice Public Accounting by the

Chartered Professional Accountants of Ontario

COMPASSION SOCIETY OF HALTON

STATEMENT OF FINANCIAL POSITION (Unaudited)

DECEMBER 31, 2018

ASSETS

	2018	2017
CURRENT ASSETS		
Cash	\$ 43,404	\$ 37,249
Harmonized sales tax recoverable	7,017	7,748
Prepaid expenses	<u>7,024</u>	<u>5,024</u>
	57,445	50,021
PROPERTY AND EQUIPMENT (note 2)	<u>4,678</u>	<u>6,662</u>
	<u>\$ 62,123</u>	<u>\$ 56,683</u>

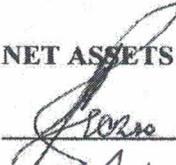
LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ <u>3,499</u>	\$ <u>2,498</u>
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NET ASSETS

	<u>58,624</u>	<u>54,185</u>
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_____, Director


_____, Director

	<u>\$ 62,123</u>	<u>\$ 56,683</u>
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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, 2018

	2018	2017
REVENUE		
Grants	\$ 10,154	\$ 1,400
Donations		
Individuals	47,947	37,542
Corporate	75,144	103,963
Fund raising	7,253	25,031
Property tax rebate	4,201	-
	<u>144,699</u>	<u>167,936</u>
EXPENSES		
Rent	57,718	60,000
Salaries and benefits	52,505	62,794
Office services	10,567	10,880
Legal and professional fees	4,300	2,500
Automobile	3,152	4,642
Depreciation of property and equipment (note 2)	1,984	2,831
Fund raising	5,499	6,225
Business insurance	1,834	1,987
Telephone	1,820	1,357
Repairs and maintenance	447	456
Advertising and promotion	300	2,146
Bank charges and interest	134	377
Computer supplies and services	-	1,080
	<u>140,260</u>	<u>157,275</u>
EXCESS OF REVENUE OVER EXPENSES		
FOR THE YEAR	<u>\$ 4,439</u>	<u>\$ 10,661</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, 2018

	2018	2017
NET ASSETS, BEGINNING OF THE YEAR	\$ 54,185	\$ 43,524
EXCESS OF REVENUE OVER EXPENSES		
FOR THE YEAR	<u>4,439</u>	<u>10,661</u>
NET ASSETS, END OF THE YEAR	<u>\$ 58,624</u>	<u>\$ 54,185</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, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 4,439	\$ 10,661
Depreciation of property and equipment (note 2)	1,984	2,831
Net change in non-cash working capital components related to operations (note 3)	<u>(268)</u>	<u>(354)</u>
	<u>6,155</u>	<u>13,138</u>
Purchases of property and equipment	-	(15,974)
Proceeds on disposal of property and equipment	<u>-</u>	<u>15,974</u>
	<u>-</u>	<u>-</u>
INCREASE IN CASH FOR THE YEAR	6,155	13,138
CASH, BEGINNING OF THE YEAR	<u>37,249</u>	<u>24,111</u>
CASH, END OF THE YEAR	<u>\$ 43,404</u>	<u>\$ 37,249</u>

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

COMPASSION SOCIETY OF HALTON

NOTES TO FINANCIAL STATEMENTS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

NATURE OF ORGANIZATION

The Compassion Society of Halton (the "Society") is 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. Society's mission is to respond to the needs of community with support and connection by providing clothing, food, and referrals to local connection.

1. 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. External 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.

Property and equipment grants and restricted contributions are recognized as revenue in the year in which related expenses are incurred.

(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%

(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 the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a writedown of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

(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 the carrying amount of fixed assets and valuation of accounts receivable. Actual results could differ from those estimates.

(f) Financial instruments

Financial instruments are recorded at fair value on initial recognition, except for a related company transaction, which is recorded at the carrying or exchange amount depending on the circumstances. All financial instruments are subsequently measured at 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, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the company 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, 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 FINANCIAL STATEMENTS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

2. PROPERTY AND EQUIPMENT

	<u>2018</u>			<u>2017</u>
	<u>Cost</u>	<u>Accumulated</u>	<u>Net</u>	<u>Net</u>
	<u>Depreciation</u>			
Leasehold improvements	\$ 638	\$ 527	\$ 111	\$ 139
Furniture & equipment	6,870	6,250	620	884
Computer equipment	2,860	2,615	245	351
Automobiles	<u>10,792</u>	<u>7,090</u>	<u>3,702</u>	<u>5,288</u>
	<u>\$ 21,160</u>	<u>\$ 16,482</u>	<u>\$ 4,678</u>	<u>\$ 6,662</u>

Depreciation of property and equipment for the year amounts to \$1,985 (2018 - \$2,831).

3. SUPPLEMENTARY CASH FLOWS INFORMATION

Net change in non-cash working capital components related to operations is represented by the following:

	<u>2018</u>	<u>2017</u>
Decrease (increase) in harmonized sales tax recoverable	\$ 731	\$ (355)
Increase in prepaid expenses	(2,000)	-
Increase in accounts payable and accrued liabilities	<u>1,001</u>	<u>1</u>
	<u>\$ (268)</u>	<u>\$ (354)</u>

4. 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, 2018 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 2017.

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 and long-term debt. 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 2017.

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.

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 not exposed to interest rate risk.

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.

COMPASSION SOCIETY OF HALTON

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

YEAR ENDED DECEMBER 31, 2018

5. COMPARATIVE STATEMENTS

The presentation of certain amounts on the statement of financial position for the previous year has been changed to conform with the financial statement presentation adopted for 2018.