

**COMPASSION SOCIETY OF HALTON
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Directors
Compassion Society of Halton

Qualified Opinion

We have audited the financial statements of Compassion Society of Halton, which comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets and operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, 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, the organization derives revenue from donations, 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

INDEPENDENT AUDITORS' REPORT, continued*Auditors' Responsibility 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 auditors' 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the organization 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.

Glenn Graydon Wright LLP

Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
April 3, 2024

COMPASSION SOCIETY OF HALTON*(Incorporated without share capital)*

Statement of financial position

As at December 31, 2023

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 172,905	160,370
Short-term investments (Note 4)	232,038	96,312
Donations receivable	7,552	8,582
HST receivable	13,402	8,135
Prepaid expenses	21,419	24,508
	447,316	297,907
Capital assets (Note 5)	113,804	90,915
	\$ 561,120	388,822
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 22,726	8,426
Deferred operating contributions (Note 6)	99,101	7,196
	121,827	15,622
Deferred capital contributions (Note 7)	105,614	58,825
	227,441	74,447
Net assets		
General fund (Note 2(b)(i))	281,363	264,375
Contingency fund (Note 2(b)(ii))	52,316	50,000
	333,679	314,375
	\$ 561,120	388,822

Approved by the Board


 Director


 Director

COMPASSION SOCIETY OF HALTON**(Incorporated without share capital)****Statement of changes in net assets****For the year ended December 31, 2023**

		General fund	Contingency fund	2023	2022
Net assets, beginning of year	\$	264,375	50,000	314,375	289,230
Excess of revenue over expenditure		16,988	2,316	19,304	25,145
Net assets, end of year	\$	281,363	52,316	333,679	314,375

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Statement of operations**For the year ended December 31, 2023**

	General fund	Contingency fund	2023	2022
Revenue				
Donations	\$ 329,034	-	329,034	278,145
Fundraising	66,801	-	66,801	53,000
Grants	106,261	-	106,261	45,481
Interest income	6,439	2,316	8,755	2,652
Property tax rebate	9,272	-	9,272	5,064
	517,807	2,316	520,123	384,342
Expenditure				
Amortization	40,900	-	40,900	15,208
Automobile	4,277	-	4,277	6,632
Bank charges and interest	198	-	198	386
Client food and hygiene purchases	34,585	-	34,585	31,357
Client gift card disbursements	453	-	453	1,884
Client special programs	47,187	-	47,187	36,724
Communication	2,382	-	2,382	2,288
Computer supplies and services	4,532	-	4,532	3,687
COVID-19 pandemic	-	-	-	1,374
Education and training	977	-	977	32
Fundraising	7,670	-	7,670	4,399
Insurance	3,189	-	3,189	3,227
Office supplies	3,120	-	3,120	2,491
Professional fees	8,529	-	8,529	16,679
Rent and occupancy	118,106	-	118,106	116,252
Repairs and maintenance	7,660	-	7,660	7,092
Salaries and benefits	207,054	-	207,054	96,390
Supplies and materials	785	-	785	2,539
Volunteer appreciation	9,441	-	9,441	10,499
	501,045	-	501,045	359,140
Excess of revenue over expenditure, before other	16,762	2,316	19,078	25,202
Other				
Gain (loss) on disposal of capital assets	226	-	226	(57)
Excess of revenue over expenditure for year	\$ 16,988	2,316	19,304	25,145

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Statement of cash flows**For the year ended December 31, 2023**

	2023	2022
Cash flows from (used in) operating activities		
Excess of revenue over expenditure for year		
General fund	\$ 16,988	25,145
Contingency fund	2,316	-
Adjustments for		
Amortization of capital assets	40,900	15,208
(Gain) loss of disposal of capital assets	(226)	57
	59,978	40,410
Changes in non-cash working capital		
(Increase) decrease in short-term investments	(135,726)	3,722
Decrease (increase) in donations receivable	1,030	(335)
Increase in HST receivable	(5,267)	(3,310)
Decrease (increase) in prepaid expenses	3,089	(7,178)
Increase (decrease) in accounts payable and accrued liabilities	14,300	(3,161)
Increase (decrease) in deferred operating contributions	91,905	(1,949)
Cash flows from operating activities	29,309	28,199
Cash flows from (used in) investing activities		
Acquisition of capital assets	(65,103)	(100,182)
Proceeds from disposal of capital assets	1,540	-
Cash flows used in investing activities	(63,563)	(100,182)
Cash flows from (used in) financing activities		
Deferred capital contributions	46,789	58,825
Cash flows from financing activities	46,789	58,825
Net increase (decrease) in cash and cash equivalents during year	12,535	(13,158)
Cash and cash equivalents, beginning of year	160,370	173,528
Cash and cash equivalents, end of year	\$ 172,905	160,370

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

1. Purpose of the corporation

The Compassion Society of Halton (the "Society") is a not-for-profit organization, incorporated without share capital under the laws of the Province of Ontario and is a registered charity under the Income Tax Act.

The purpose of the Society is to respond to the needs of the community by providing support, clothing, food and referrals to local connections when needed.

2. Significant accounting policies

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

a) Management estimates

The preparation of the 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 financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Basis of accounting

The Society follows the deferral method of accounting for contributions. The accounts have been classified into the following funds:

i) General fund

The General fund represents accounts used for the Society's program delivery and other charitable and administrative activities. The Society is dependent on community donations for a significant portion of its operating revenues. The balance of funds held in this fund are used to fund current and future normal operating activities.

ii) Contingency fund

The Contingency fund is an internally restricted fund established at the discretion of the Board of Directors. It represents funds available for purposes as specified by the Board of Directors from time-to-time. The Contingency fund was established to mitigate risk related to future operations and to ensure continuity of the Society. The balance in the fund is to be maintained at a level which approximates three months of operational costs.

c) Cash and cash equivalents

Cash and cash equivalents are defined as cash and highly liquid investments. These consist primarily of cash held for operating purposes, in demand current accounts and term deposits with terms to maturity of three months or less at the date of purchase.

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

2. Significant accounting policies – continued

d) Short-term investments

Short-term investments are recorded at fair market value.

e) Revenue recognition

Unrestricted contributions, donations and grant revenue 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 incurred and in the year specified in the terms and conditions of each respective agreement.

Fundraising revenue is recognized when the corresponding event takes place.

Interest and other income is recognized in the year in which it is earned.

Gifts-in-kind are recorded at fair market value when received.

Deferred operating contributions consist of funds collected for events that will take place in a subsequent year. The revenue for these deferred operating contributions will take place when the corresponding event occurs. Deferred capital contributions consist of funds collected for capital expenditures. The revenue for these deferred capital contributions is recognized at the same rate of amortization of the corresponding capital assets.

f) Capital assets

Capital assets are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life beginning in the month of acquisition. Methods and rates are:

Computers
30% diminishing balance basis

Furniture and equipment
30% diminishing balance basis

Automobiles
30% diminishing balance basis

Leasehold improvements
20% straight-line basis

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

2. Significant accounting policies – continued

g) Contributed materials and services

The Society receives contributions of food, clothing, and materials as part of its regular operations. Because of the difficulty of determining their fair value, these contributions are not recognized in the financial statements. Other contributions of materials are recognized in the financial statements where the fair value is reasonably determinable and is readily available. The value of volunteer time is not reflected in these financial statements.

3. Financial instruments

a) Fair value

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

b) 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 underlying market factors. The Society is not exposed to significant market risks arising from its financial instruments. There have been no changes in the organization's financial instruments risk exposures from December 31, 2022.

c) Liquidity risk

Liquidity risk is the risk that the Society cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the Society is not subject to significant liquidity risk. The Society manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.
- investing in liquid fixed income securities and cash equivalents that, if necessary, can be sold to generate cash flow.

4. Short-term investments

Short-term investments, inclusive of accrued interest earned, are comprised of term deposits maturing between February 24, 2024 to August 28, 2024 with interest rates between 3.00% to 4.35%.

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

5. Capital assets

		2023		2022
	Cost	Accumulated amortization	Net	Net
Computers	\$ 8,575	5,569	3,006	1,414
Furniture and equipment	43,024	27,852	15,172	27,640
Automobiles	60,730	12,347	48,383	889
Leasehold improvements	68,647	21,404	47,243	60,972
	<u>\$ 180,976</u>	<u>67,172</u>	<u>113,804</u>	<u>90,915</u>

Amortization recorded during the year amounted to \$40,900 (2022 - \$15,208).

During the year, capital assets were acquired for cash at an aggregate cost of \$65,103 (2022 - \$100,182).

During the year, capital assets were disposed of for proceeds of \$1,540.

6. Deferred operating contributions

Deferred operating contributions result from grants, ticket sales and donations collected during the year that relate to activities expected to take place subsequent to year end as follows:

	2023	2022
Balance, beginning of year	\$ 7,196	9,145
Grants received	164,150	-
Revenue recognized	<u>(72,245)</u>	<u>(1,949)</u>
Balance, end of year	<u>\$ 99,101</u>	<u>7,196</u>

7. Deferred capital contributions

Deferred capital contributions result from donations and grants collected during the year that relate to capital expenditures as follows:

	2023	2022
Balance, beginning of year	\$ 58,825	-
Donations and grants received	71,450	67,485
Revenue recognized	<u>(24,661)</u>	<u>(8,660)</u>
Balance, end of year	<u>\$ 105,614</u>	<u>58,825</u>

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

8. Operating lease commitments

Future minimum rental payments (net of refundable HST) required under operating leases for office premises and equipment that have remaining terms in excess of one year are:

2024	\$	101,653
2025		101,653
2026		101,653
2027		25,413
	\$	<u>330,372</u>

9. Non-monetary transaction

During the year, the Society entered into non-monetary transactions by which it received food and supplies donations in the amount of \$16,918. The transactions were measured at fair value and did not result in any gains or losses on settlements.

10. Income taxes

The Society is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.