COMPASSION SOCIETY OF HALTON
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

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GGW Glenn Graydon Wright LLP

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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the 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 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
May 17, 2022

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)
Statement of financial position
As at December 31, 2021

		2021	2020
Assets			
Current assets			
Cash and cash equivalents	$	173,528	136,697
Short-term investment (Note 4)		100,034	37,028
Donations receivable		8,247	23,138
HST receivable		4,825	4,242
Prepaid expenses		17,330	24,617
		303,964	225,722
Capital assets (Note 5)		5,998	4,527
	$	309,962	230,249
Liabilities and net assets			
Current liabilities			
Accounts payable and accrued liabilities	$	11,587	7,347
Deferred contributions (Note 6)		9,145	385
		20,732	7,732
Net assets			
General fund (Note 2(b)(i))		239,230	172,517
Contingency fund (Note 2(b)(ii))		50,000	50,000
		289,230	222,517
	$	309,962	230,249

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, 2021

		General fund	Contingency fund	2021	2020
Net assets, beginning of year	$	172,517	50,000	222,517	83,037
Excess of revenue over expenditure		66,713	-	66,713	139,480
Net assets, end of year	$	239,230	50,000	289,230	222,517

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)
Statement of operations
For the year ended December 31, 2021

		2021	2020
Revenue			
Donations	$	249,174	258,772
Fundraising		42,745	36,483
Grants		12,000	30,961
Interest income		850	409
Property tax rebate		4,941	4,713
		309,710	331,338
Expenditure			
Amortization		1,664	1,927
Automobile		4,635	5,921
Bank charges and interest		288	322
Client food and hygiene purchases		13,249	65
Client gift card disbursements		3,245	3,210
Client special programs		45,445	14,251
Communication		2,106	2,080
Computer supplies and services		2,418	2,616
COVID-19 pandemic (Note 10)		5,322	37,674
Education and training		686	-
Fundraising		10,966	550
Insurance		2,989	2,464
Office supplies		1,220	923
Professional fees		5,583	8,695
Rent and occupancy		66,586	61,497
Repairs and maintenance		4,078	3,865
Salaries and benefits		82,472	57,681
Supplies and materials		807	3,041
Volunteer appreciation		3,391	4,307
		257,150	211,089
Excess of revenue over expenditure, before other		52,560	120,249
Other			
Government assistance (Note 10)		14,153	19,231
Excess of revenue over expenditure for year	$	66,713	139,480

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)
Statement of cash flows
For the year ended December 31, 2021

		2021	2020
Cash flows from (used in) operating activities			
Excess of revenue over expenditure for year	$	66,713	139,480
Adjustment for			
Amortization of capital assets		1,664	1,927
		68,377	141,407
Changes in non-cash working capital			
Increase in short-term investments		(63,006)	(2,006)
Decrease (increase) in donations receivable		14,891	(21,386)
Increase in HST receivable		(583)	(324)
Decrease (increase) in prepaid expenses		7,287	(18,464)
Increase (decrease) in accounts payable and accrued liabilities		4,240	(4,198)
Increase in deferred contributions		8,760	385
Cash flows from operating activities		39,966	95,414
Cash flows used in investing activities			
Acquisition of capital assets		(3,135)	-
Cash flows used in investing activities		(3,135)	-
Net increase in cash and cash equivalents during year		36,831	95,414
Cash and cash equivalents, beginning of year		136,697	41,283
Cash and cash equivalents, end of year	$	173,528	136,697

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)
Notes to financial statements
As at December 31, 2021

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.

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 contributions consist of funds collected for events that will take place in a subsequent year. The revenue for these deferred contributions will take place when the corresponding event occurs.

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

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.

h) Government assistance

Government assistance for salaries and wages, and property expenses received as a result of the Canada Emergency Wage Subsidy, the Canada Emergency Rent Subsidy and the Canada Emergency Commercial Rent Assistance are recorded to be consistent with government guidelines when the Society has qualified. This government assistance is recorded as other income for financial statement purposes.

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, 2020.

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 investment

Term deposits mature between August 25, 2022 and December 14, 2022. The interest rates vary from 0.45% to 0.60%.

5. Capital assets

		Cost	2021 Accumulated amortization	Net	2020 Net
Computers	$	4,953	2,933	2,020	120
Furniture and equipment		11,162	8,511	2,651	2,522
Automobiles		10,792	9,522	1,270	1,814
Leasehold improvements		638	581	57	71
	$	27,545	21,547	5,998	4,527

Amortization recorded during the year amounted to $1,664 (2020 - $1,927).

During the year, capital assets were acquired for cash at an aggregate cost of $3,135 (2020 - Nil).

6. Deferred contributions

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

		Jammies for Families program	Elvis and Friends event	Total 2021	Total 2020
Balance, beginning of year	$	-	385	385	-
Tickets sales and donations received		9,145	42,745	51,890	36,868
Revenue recognized		-	(43,130)	(43,130)	(36,483)
Balance, end of year	$	9,145	-	9,145	385

7. Operating lease commitments

Subsequent to the year end, the Society entered into a lease agreement of office space with a monthly rent of $8,150 (net of HST) from April 1, 2022 to March 31, 2027. 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:

2022	$ 76,240
2023	101,653
2024	101,653
2025	101,653
2026	101,653
Thereafter	25,413
	$ 508,265

8. 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 $5,926. The transactions were measured at fair value and did not result in any gains or losses on settlements.

9. 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.

10. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Society in future periods.

During the year, the Society recognized $14,153 of government assistance from the Canada Emergency Wage Subsidy and the Canada Emergency Commercial Rent Assistance programs. Additionally, the Society incurred $5,322 of expenditures related to meeting organizational objectives as a result of COVID-19.