

# **COMPASSION SOCIETY OF HALTON**

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**FINANCIAL STATEMENTS**

**YEAR ENDED  
DECEMBER 31, 2015**

## **INDEX**

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<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>2</b>
<b>STATEMENT OF REVENUE AND EXPENDITURES</b>	<b>3</b>
<b>STATEMENT OF CHANGES IN NET ASSETS</b>	<b>4</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>6</b>

# **INDEPENDENT AUDITOR'S REPORT**

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**To The Members of Compassion Society of Halton**

## **Report on the Financial Statements**

I have audited the accompanying financial statements of Compassion Society of Halton (the "Society") which comprise the statement of financial position as at December 31, 2015 and the statement of revenue and expenditures, statement of changes in net assets and cash flows for the year ended December 31, 2015 and a summary of significant accounting policies and other explanatory information.

## **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.

## **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## **Basis for Qualified Opinion**

In common with many non-profit organizations, the entity derives revenue from fundraising activities and donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the the entity and I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and net assets.

**Qualified Opinion**

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements presents fairly, in all material respects, the financial position of the the Society as at December 31, 2015, and its results of operations and its cash flows for the years ended December 31, 2015 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 extending to the right from the end of the name.

**Mississauga, Ontario  
June 24, 2016**

**Authorized to Practice Public Accounting by  
the Chartered Professional Accountants of Ontario**

# COMPASSION SOCIETY OF HALTON

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

### ASSETS

	2015	2014
<b>CURRENT ASSETS</b>		
Cash	\$ 52,567	\$ 80,383
Accounts receivable	3,933	2,511
Harmonized sales tax recoverable	6,474	7,585
Prepaid expenses	<u>5,410</u>	<u>4,805</u>
	68,384	95,284
<b>FIXED ASSETS (note 5)</b>	<u>9,135</u>	<u>12,488</u>
	<u>\$ 77,519</u>	<u>\$ 107,772</u>

### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 4,418	\$ 5,662
Food share program - In trust amount (note 4)	5,000	14,543
Current portion of deferred grants (note 6)	<u>12,472</u>	<u>13,215</u>
	<u>21,890</u>	<u>33,420</u>

#### DEFERRED GRANTS (note 6)

	<u>6,322</u>	<u>8,066</u>
	<u>28,212</u>	<u>41,486</u>

#### UNRESTRICTED FUND

	<u>49,307</u>	<u>66,286</u>
_____, Director	<u>\$ 77,519</u>	<u>\$ 107,772</u>

\_\_\_\_\_, Director

# COMPASSION SOCIETY OF HALTON

## STATEMENT OF REVENUE AND EXPENDITURES

YEAR ENDED  
DECEMBER 31, 2015

	2015	2014
<b>REVENUE</b>		
Grants	\$ 44,451	\$ 49,768
Donations		
Individuals	32,785	46,004
Corporate	10,282	40,952
Amortization of deferred grants (note 6)	2,646	3,780
Rental income	5,366	9,770
Fund raising	<u>23,973</u>	<u>8,070</u>
	<u>119,503</u>	<u>158,344</u>
<b>EXPENSES</b>		
Rent	57,798	53,085
Salaries and benefits	44,049	54,439
Packaging Supplies	556	9,745
Advertising and promotion	4,558	7,730
Office services	3,637	6,270
Depreciation of fixed assets (note 5)	3,652	5,352
Fund raising	7,847	4,662
Legal and professional fees	3,830	4,157
Business insurance	3,213	3,871
Automobile	2,448	2,886
Repairs and maintenance	2,015	2,521
Telephone	1,325	1,379
Bank charges and interest	401	855
Computer supplies and services	<u>1,153</u>	<u>334</u>
	<u>136,482</u>	<u>157,286</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ (16,979)</u>	<u>\$ 1,058</u>

**COMPASSION SOCIETY OF HALTON**

**STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED  
DECEMBER 31, 2015**

	2015	2014
<b>NET ASSETS, BEGINNING OF THE YEAR</b>	<b>\$ 66,286</b>	<b>\$ 65,228</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b><u>(16,979)</u></b>	<b><u>1,058</u></b>
<b>NET ASSETS, END OF THE YEAR</b>	<b><u>\$ 49,307</u></b>	<b><u>\$ 66,286</u></b>

# COMPASSION SOCIETY OF HALTON

## STATEMENT OF CASH FLOWS

YEAR ENDED  
DECEMBER 31, 2015

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses for the year	\$ (16,979)	\$ 1,058
Items not affecting cash		
Depreciation of fixed assets (note 5)	3,652	5,352
Amortization of deferred grants (note 6)	(2,646)	(3,780)
Net change in non-cash working capital components related to operations (note 7)	<u>(11,544)</u>	<u>18,864</u>
	<u>(27,517)</u>	<u>21,494</u>
<b>INVESTMENT ACTIVITIES</b>		
Purchases of fixed assets	<u>(299)</u>	<u>(2,080)</u>
	<u>(299)</u>	<u>(2,080)</u>
<b>INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	<b>(27,816)</b>	<b>19,414</b>
<b>CASH, BEGINNING OF THE YEAR</b>	<u><b>80,383</b></u>	<u><b>60,969</b></u>
<b>CASH, END OF THE YEAR</b>	<u><b>\$ 52,567</b></u>	<u><b>\$ 80,383</b></u>

### 1. 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.

### 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. 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.

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

Rental income is recognized as revenue when receivable.

#### (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) Fixed assets

Fixed assets 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 fixed assets**

Fixed assets 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.

### **3. FINANCIAL INSTRUMENTS**

The Society initially measures its financial assets and liabilities at their fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributed to the instrument.

The Society subsequently measure all its financial assets and financial liabilities at amortized cost, except for investments, which are subsequently measure at fair value. Change in fair value are recognized in net income.

The Society's financial instruments include cash, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising thereon. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

# COMPASSION SOCIETY OF HALTON

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

### 4. FOOD SHARE PROGRAM - IN TRUST AMOUNT

In 2014, the Society and three other local registered charities formed an unincorporated not-for-profit association called Burlington Food Share (the "Coalition"). The Coalition aims to coordinate donations of wholesome and nutritious food to be distributed to people in need in Burlington. As per memorandum of understanding signed by the Member Agencies all financial donations are directed to the Society and tax receipts are issued by the Society.

During the year the Society received \$Nil (2014 - \$39,723) of financial donations on behalf of the Coalition. Expenses of \$Nil (2014 - \$14,680) were incurred by the Society to operate the Food Share Program, leaving a balance of \$25,043. During the year \$20,043 was distributed among Coalition partners leaving a balance of \$5,000, which is being held in trust as at year end.

### 5. FIXED ASSETS

	<u>2015</u>			<u>2014</u>
	<u>Cost</u>	<u>Accumulated</u>	<u>Net</u>	<u>Net</u>
	<u>Depreciation</u>			
Leasehold improvements	\$ 638	\$ 447	\$ 191	\$ 238
Furniture & equipment	6,870	5,020	1,850	2,279
Computer equipment	2,860	1,940	920	1,151
Automobiles	<u>18,000</u>	<u>11,826</u>	<u>6,174</u>	<u>8,820</u>
	<u>\$ 28,368</u>	<u>\$ 19,233</u>	<u>\$ 9,135</u>	<u>\$ 12,488</u>

Depreciation of fixed assets for the year amounts to \$3,652 (2014 - \$5,352). Included in depreciation of fixed assets \$2,646 (2014 - \$3,780) represents depreciation charged on automobile acquired from fixed asset grants.

# COMPASSION SOCIETY OF HALTON

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

### 6. GRANTS

	FIXED ASSETS GRANTS	OPERATING GRANTS	2015	2014
Deferred Grants, Beginning of year	\$ 10,820	\$ -	\$ 10,820	\$ 22,812
Grants received during the year	-	10,620	10,620	50,199
Amount recognized (amortized) in grants revenue during the year	<u>2,646</u> 8,174	<u>-</u> 10,620	<u>2,646</u> \$ 18,794	<u>51,730</u> 21,281
Current portion of deferred grants	<u>1,852</u>	<u>10,620</u>	<u>12,472</u>	<u>13,215</u>
Deferred Grants, end of year	<u>\$ 6,322</u>	<u>\$ -</u>	<u>\$ 6,322</u>	<u>\$ 8,066</u>

Operating grants are from various sources, are non restricted and are to cover operating expenses.

### 7. SUPPLEMENTARY CASH FLOWS INFORMATION

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

	2015	2014
Decrease (increase) in accounts receivable	\$ (1,422)	\$ 3,604
Decrease in harmonized sales tax recoverable	1,111	385
Increase in prepaid expenses	(605)	(432)
Decrease in accounts payable and accrued liabilities	(1,244)	(1,485)
Increase (decrease) in Food Share program in trust amount	(9,543)	14,543
Increase in deferred grants	<u>159</u>	<u>2,249</u>
	<u>\$ (11,544)</u>	<u>\$ 18,864</u>

# COMPASSION SOCIETY OF HALTON

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

### 8. COMMITMENTS

The Society is committed under non-cancellable operating lease agreement for the rental of premises. Future minimum annual payment requirements are as follows:

2016	\$	60,000
2017		60,000
2018		60,000
2019		60,000
2020		<u>30,000</u>
	\$	<u>270,000</u>

### 9. 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 2015.