

COMPASSION SOCIETY OF HALTON

FINANCIAL STATEMENTS
(Unaudited)

YEAR ENDED
DECEMBER 31, 2016

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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 (“Society”) as at December 31, 2016 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

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

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 are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Mississauga, Ontario

April 17, 2017



Authorized to Practice Public Accounting by the

Institute of Chartered Professional Accountants of Ontario

COMPASSION SOCIETY OF HALTON

STATEMENT OF FINANCIAL POSITION (Unaudited)

DECEMBER 31, 2016

		ASSETS	
		2016	2015
CURRENT ASSETS			
Cash		\$ 24,111	\$ 52,567
Accounts receivable		-	3,933
Harmonized sales tax recoverable		7,393	6,474
Prepaid expenses		<u>5,024</u>	<u>5,410</u>
		36,528	68,384
PROPERTY AND EQUIPMENT (note 3)		<u>9,493</u>	<u>9,135</u>
		<u>\$ 46,021</u>	<u>\$ 77,519</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 2,497	\$ 4,418
Food share program - In trust amount		-	5,000
Current portion of deferred grants (note 4)		<u>-</u>	<u>12,472</u>
		<u>2,497</u>	<u>21,890</u>
DEFERRED GRANTS (note 4)		<u>-</u>	<u>6,322</u>
		<u>2,497</u>	<u>28,212</u>
NET ASSETS		<u>43,524</u>	<u>49,307</u>
	, Director	<u>\$ 46,021</u>	<u>\$ 77,519</u>
	, 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, 2016

	2016	2015
REVENUE		
Grants	\$ 36,423	\$ 44,451
Donations		
Individuals	33,695	32,785
Corporate	22,409	10,282
Amortization of deferred grants (note 4)	8,174	2,646
Rental income	-	5,366
Fund raising	33,415	23,973
Gain on sale of automobile	9,801	-
	<u>143,917</u>	<u>119,503</u>
EXPENSES		
Salaries and benefits	60,979	44,049
Rent	60,000	57,798
Fund raising	5,457	7,847
Business insurance	4,740	3,213
Depreciation of property and equipment (note 3)	4,261	3,652
Automobile	2,877	2,448
Legal and professional fees	2,631	3,830
Office services	5,738	3,637
Telephone	1,404	1,325
Packaging Supplies	640	556
Repairs and maintenance	512	2,015
Advertising and promotion	186	4,558
Computer supplies and services	146	1,153
Bank charges and interest	129	401
	<u>149,700</u>	<u>136,482</u>
DEFICIENCY OF REVENUE OVER EXPENSES		
FOR THE YEAR	<u>\$ (5,783)</u>	<u>\$ (16,979)</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, 2016

	2016	2015
NET ASSETS, BEGINNING OF THE YEAR	\$ 49,307	\$ 66,286
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	<u>(5,783)</u>	<u>(16,979)</u>
NET ASSETS, END OF THE YEAR	<u>\$ 43,524</u>	<u>\$ 49,307</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, 2016

	2016	2015
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	\$ (5,783)	\$ (16,979)
Items not affecting cash		
Depreciation of property and equipment(note 3)	4,261	3,652
Amortization of deferred grants(note 4)	-	(2,646)
Gain on disposal of automobile	(9,801)	-
Net change in non-cash working capital components related to operations (note 5)	<u>(22,315)</u>	<u>(11,544)</u>
	<u>(33,638)</u>	<u>(27,517)</u>
INVESTMENT ACTIVITIES		
Purchases of property and equipment	(10,792)	(299)
Proceeds on disposal of property and equipment	<u>15,974</u>	<u>-</u>
	<u>5,182</u>	<u>(299)</u>
DECREASE IN CASH FOR THE YEAR	(28,456)	(27,816)
CASH, BEGINNING OF THE YEAR	<u>52,567</u>	<u>80,383</u>
CASH, END OF THE YEAR	<u>\$ 24,111</u>	<u>\$ 52,567</u>

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

COMPASSION SOCIETY OF HALTON

NOTES TO FINANCIAL STATEMENTS (Unaudited)

DECEMBER 31, 2016

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

(Unaudited)

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.

2. 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 (Unaudited)

DECEMBER 31, 2016

3. PROPERTY AND EQUIPMENT

	<u>2016</u>			<u>2015</u>
	<u>Cost</u>	<u>Accumulated</u>	<u>Net</u>	<u>Net</u>
	<u>Depreciation</u>			
Leasehold improvements	\$ 638	\$ 464	\$ 174	\$ 191
Furniture & equipment	6,870	5,606	1,264	1,850
Computer equipment	2,860	2,359	501	920
Automobiles	<u>10,792</u>	<u>3,238</u>	<u>7,554</u>	<u>6,174</u>
	<u>\$ 21,160</u>	<u>\$ 11,667</u>	<u>\$ 9,493</u>	<u>\$ 9,135</u>

Depreciation of property and equipment for the year amounts to \$4,261 (2015 - \$3,652).

COMPASSION SOCIETY OF HALTON

NOTES TO FINANCIAL STATEMENTS (Unaudited)

DECEMBER 31, 2016

4. DEFERRED GRANTS

	PROPERTY & EQUIPMENT		OPERATING	
	GRANTS	GRANTS	2016	2015
Deferred Grants, Beginning of year	\$ 8,174	\$ 10,620	\$ 18,794	\$ 10,820
Grants received during the year	-	-	-	10,620
Amount recognized (amortized) in grants revenue during the year	<u>8,174</u>	<u>10,620</u>	<u>18,794</u>	<u>2,646</u>
	-	-	\$ -	18,794
Current portion of deferred grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,472</u>
Deferred Grants, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,322</u>

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

Property and equipment grant was received for the acquisition of van. During 2016, as a result of road accident the van was written off. The remaining balance of grant related to the van was recognized in grant revenue during the year.

5. SUPPLEMENTARY CASH FLOWS INFORMATION

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

	2016	2015
Decrease (increase) in accounts receivable	\$ 3,933	\$ (1,422)
Decrease (increase) in harmonized sales tax recoverable	(919)	1,111
Decrease (increase) in prepaid expenses	386	(605)
Decrease in accounts payable and accrued liabilities	(1,921)	(1,244)
Decrease in Food Share program in trust amount	(5,000)	(9,543)
Increase (decrease) in deferred grants	<u>(18,794)</u>	<u>159</u>
	<u>\$ (22,315)</u>	<u>\$ (11,544)</u>

COMPASSION SOCIETY OF HALTON

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

DECEMBER 31, 2016

6. COMMITMENTS

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

2017	\$	60,000
2018		60,000
2019		60,000
2020		<u>30,000</u>
	\$	<u>210,000</u>

7. 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 2016.