

**ST. VINCENT DE PAUL SOCIETY OF KINGSTON
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018**

ST. VINCENT DE PAUL SOCIETY OF KINGSTON
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AS AT DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members

Qualified Opinion

We have audited the financial statements of St. Vincent de Paul Society of Kingston (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of revenue and expenditures and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible 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, 2018, 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 charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether, as at and for the years ended December 31, 2018 and December 31, 2017, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's 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 these 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.

Auditor's Responsibilities 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 auditor's 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 auditor's 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 auditor's 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.

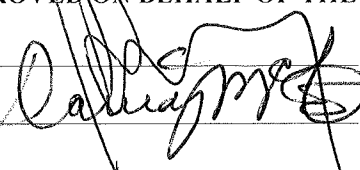
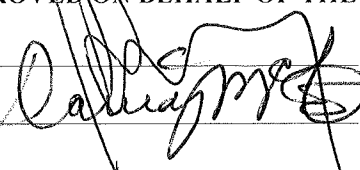
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KINGSTON, Canada
June 26, 2019

Wilkinson Company LLP

Chartered Professional Accountants
Licensed Public Accountants

ST. VINCENT DE PAUL SOCIETY OF KINGSTON
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Operating Fund \$	Internally Restricted for Building Project \$	2018 \$	2017 \$
ASSETS				
CURRENT				
Cash - operating account	161,107	100,000	261,107	145,343
Accounts receivable	5,563		5,563	3,967
Prepaid expenses	2,577		2,577	2,670
	169,247	100,000	269,247	151,980
LONG-TERM				
Investments - Note 3	128,610		128,610	126,264
Tangible capital assets - Note 4	76,322		76,322	83,040
	204,932		204,932	209,304
	374,179	100,000	474,179	361,284
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	11,140		11,140	13,264
Government remittances payable	8,301		8,301	3,424
Deferred contributions relating to tangible capital assets - Note 5	51,586		51,586	59,994
	71,027		71,027	76,682
FUND BALANCES				
INTERNALLY RESTRICTED FOR BUILDING PROJECT		100,000	100,000	261,556
OPERATING FUND	278,416		278,416	261,556
INVESTED IN CAPITAL ASSETS	24,736		24,736	23,046
	303,152	100,000	403,152	284,602
APPROVED ON BEHALF OF THE BOARD				
		Director		
		Director		
	374,179	100,000	474,179	361,284

The accompanying notes form an integral part of these financial statements

ST. VINCENT DE PAUL SOCIETY OF KINGSTON
STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Operating Fund \$	Internally Restricted for Building Project \$	2018 \$	2017 \$
REVENUE				
United Way serving Kingston, Frontenac, Lennox & Addington	45,000		45,000	45,000
Donations	297,911		297,911	214,251
Investment income (loss)	2,426		2,426	(652)
Amortization of deferred contributions related to tangible capital assets	8,408		8,408	8,408
Ontario Trillium Foundation - grant	5,880		5,880	
Other revenue	269		269	500
	359,894		359,894	267,507
EXPENDITURES				
Operating				
Fuel and utilities	14,313		14,313	13,845
Garbage removal	6,139		6,139	5,594
Insurance	6,346		6,346	5,811
Major renovations				9,049
Consulting fees - strategic plan	2,962		2,962	
Other	1,223		1,223	3,519
Repairs and maintenance	6,137		6,137	11,383
Telephone	2,070		2,070	2,243
Vehicle gas and repairs	3,813		3,813	4,261
Amortization of equipment	6,718		6,718	10,340
	49,721		49,721	66,045
Material relief				
Food - Food bank	7,269		7,269	5,848
Food - Lunch program	21,917		21,917	18,785
Other support	477		477	
	29,663		29,664	24,633
Administration				
Audit	4,054		4,054	3,950
Bookkeeping	2,186		2,186	1,729
Fundraising	175		175	1,340
Volunteer, Purcell Student Award and other	1,159		1,159	494
Office supplies and bank charges	11,419		11,419	10,662
Salaries and employee benefits	142,967		142,967	118,122
	161,960		161,960	136,297
	241,344		241,345	226,975
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	118,550		118,550	40,532
TRANSFERS BETWEEN FUNDS - Note 6	(100,000)	100,000		
FUND BALANCES - BEGINNING OF YEAR	284,602		284,602	244,070
FUND BALANCES - END OF YEAR	303,152	100,000	403,152	284,602

The accompanying notes form an integral part of these financial statements

**ST. VINCENT DE PAUL SOCIETY OF KINGSTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 \$	2017 \$
OPERATING ACTIVITIES		
Excess of revenues over expenditures for year	118,550	40,532
Adjustment for items which do not affect cash -		
Amortization of tangible capital assets	6,718	10,340
Amortization of deferred contributions related to tangible capital assets	(8,408)	(8,408)
	116,860	42,464
Net change in non-cash working capital balances related to operations - Note 7	1,250	4,179
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	118,110	46,643
INVESTING ACTIVITIES		
(Increase) decrease of long-term investments	(2,346)	(14,267)
CASH FLOWS USED IN INVESTING ACTIVITIES	(2,346)	(14,267)
NET INCREASE IN CASH AND EQUIVALENTS FOR YEAR	115,764	32,376
CASH AND EQUIVALENTS - BEGINNING OF YEAR	145,343	112,967
CASH AND EQUIVALENTS - END OF YEAR	261,107	145,343
REPRESENTED BY:		
Cash	261,107	145,343

The accompanying notes form an integral part of these financial statements

**ST. VINCENT DE PAUL SOCIETY OF KINGSTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. INCORPORATION AND NATURE OF OPERATIONS

The St. Vincent de Paul Society of Kingston is a non-profit, volunteer based, direct service organization whose mission is to provide practical assistance and support to individuals and families residing in the Kingston area. St. Vincent de Paul Society of Kingston is incorporated in Ontario as a corporation without share capital. The organization is a registered charitable organization and is accordingly exempt under the *Income Tax Act*.

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the organization considered to be particularly significant:

(a) Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Accounting Estimates

The preparation of 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 year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, accounts payable and accrued liabilities, and amortization of tangible capital assets. Actual results could differ from those estimates.

(c) Tangible Capital Assets and Amortization

Tangible capital assets purchased are reflected as assets in the year in which the asset is purchased. Gains or losses on the disposal of individual assets are recognized in earnings in the year of disposal. Tangible capital assets are stated at acquisition cost and are amortized based on estimated useful life, calculated on the following basis and at the rates set out below:

Asset	Basis	Rate
Equipment	Straight-line	Over 10 years
Buildings	Straight-line	Over 25 years
Automobile	Straight-line	Over 5 years
Paving	Straight-line	Over 8 years

ST. VINCENT DE PAUL SOCIETY OF KINGSTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

2. ACCOUNTING POLICIES (Cont'd)

(d) Investments

Investments are initially recorded at their acquisition cost, including related transaction costs, on the date of trade. Investments are subsequently adjusted to fair market value as at the year end date, and the corresponding unrealized gains and losses are recorded in investment income.

(e) Deferred Contributions Relating to Tangible Capital Assets

Grants and donations received relating to the purchase of tangible capital assets are deferred and amortized to future periods. The amortization method is the same method and rate as the associated amortization of the capital asset purchased with these contributions.

(f) Revenue Recognition

Contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from United Way is recognized as revenue in the year in which the related expenditures are incurred.

(g) Fund Accounting

The accompanying financial statements include the activities of the organization for which the Board of Directors is legally accountable. In order to properly reflect its activities, the organization maintains its accounts in accordance with the principles of "fund accounting" in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources for various purposes are classified for accounting and reporting into funds in accordance with activities or objectives specified.

The Operating fund (unrestricted fund) accounts for the organization's services and administrative activities. This fund reports separately the investment in capital assets and the unrestricted resources.

The Internally Restricted for Building Project is comprised of monies set aside by the Board of Directors to be used in the planned building project. The resources within this fund are restricted by the Board of Directors of St. Vincent de Paul Society of Kingston.

(h) Contributed Services

The organization's volunteers contribute a significant number of hours to its programs and operations. Because of the difficulty of determining their fair value, contributed services from volunteers are not recognized in the financial statements.

ST. VINCENT DE PAUL SOCIETY OF KINGSTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

3. INVESTMENTS

The investments are comprised of the following:

	2018	2017
	\$	\$
Investment savings accounts	1	825
2.41% Guaranteed investment certificate, maturing September 2019	95,677	
2.39% Guaranteed investment certificate, maturing September 2019	32,932	
2.1% Guaranteed investment certificate, maturing September 2018		41,813
1.4% Guaranteed investment certificate, maturing September 2018		83,626
	128,610	126,264

4. TANGIBLE CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Equipment	19,712	14,129	19,712	12,158
Buildings	99,554	30,728	99,554	26,747
Automobile	18,113	18,113	18,113	18,113
Paving	6,122	4,209	6,122	3,443
	143,501	67,179	143,501	60,461
Cost less accumulated amortization	\$ 76,322		\$ 83,040	

5. DEFERRED CONTRIBUTIONS RELATING TO TANGIBLE CAPITAL ASSETS

The deferred contributions relating to tangible capital assets consists of the following:

	2018	2017
	\$	\$
Balance - beginning of year	59,994	68,402
Amortization recognized as revenue for year	(8,408)	(8,408)
Balance - end of year	51,586	59,994

**ST. VINCENT DE PAUL SOCIETY OF KINGSTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

6. FUND TRANSFERS

During the year the Board of Directors approved a transfer of \$100,000 from the operating fund to the internally restricted fund - Internally Restricted for Building Project. This internally restricted fund was funded by way of an unrestricted donation received during the year.

7. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2018 \$	2017 \$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	(1,596)	2,138
Prepaid expenses	93	(510)
	(1,503)	1,628
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	(2,124)	2,551
Government remittances payable	4,877	
	2,753	2,551
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	1,250	4,179

8. FINANCIAL INSTRUMENTS

The organization has a comprehensive risk management framework to monitor, evaluate, and manage the principle risks assumed with financial instruments. The risks that arise from transacting financial instruments are as follows:

(a) Equity Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

The organization is exposed to this risk through its investments in securities.

**ST. VINCENT DE PAUL SOCIETY OF KINGSTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

8. FINANCIAL INSTRUMENTS (Cont'd)

(b) Liquidity Risk:

Liquidity risk is the risk that the organization will not be able to meet all cash outflow obligations as they come due.

The organization's exposure to liquidity risk is dependent on the receipt of funds from its operations.

(c) Credit Risk:

Credit risk is the risk of financial loss to the organization if a debtor fails to make payments of interest and principal when due.

The organization is exposed to credit risk in the event of non-performance by clients in connection with its accounts receivable. The organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

9. CAPITAL DISCLOSURE

The organization's objectives with respect to capital management are to maintain a minimum capital base that allows the organization to continue with and execute its overall purpose as outlined in Note 1. The organization's Board of Directors performs periodic reviews of the organization's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the organization.

10. COMMITMENTS

During 2019 the organization committed to purchasing 600 Bagot Street and 30 Charles Street in Kingston, Ontario. The conditional offer was accepted for a purchase price at market rates. The offer was accepted March 8, 2019 and a deposit was paid March 9, 2019. The anticipated closing date is August 5, 2019. A financial plan to fund the acquisition has been developed by the Board of Directors and management.