

**ST. VINCENT DE PAUL SOCIETY OF KINGSTON
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019**

ST. VINCENT DE PAUL SOCIETY OF KINGSTON
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AS AT DECEMBER 31, 2019

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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, 2019, 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, 2019, 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, 2019 and December 31, 2018, 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

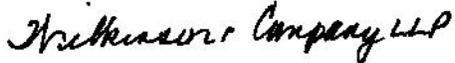
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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:

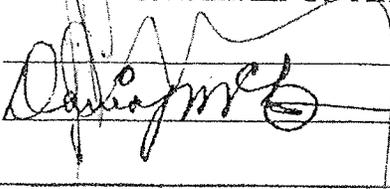
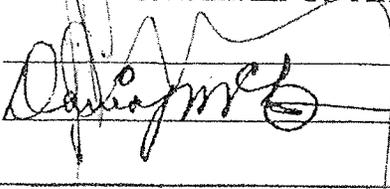
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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
July 16, 2020


Chartered Professional Accountants
Licensed Public Accountants

ST. VINCENT DE PAUL SOCIETY OF KINGSTON
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Operating Fund \$	Internally Restricted for Building Project \$	2019 \$	2018 \$
ASSETS				
CURRENT				
Cash - operating account	164,064	541,041	705,105	261,107
Accounts receivable	26,887		26,887	5,563
Due from affiliated company - Note 11		1,070,904	1,070,904	
Prepaid expenses	3,191		3,191	2,577
	<u>194,142</u>	<u>1,611,945</u>	<u>1,806,087</u>	<u>269,247</u>
LONG-TERM				
Investments - Note 3	152,688		152,688	128,610
Tangible capital assets - Note 4	80,791		80,791	76,322
	<u>233,479</u>		<u>233,479</u>	<u>204,932</u>
	<u>427,621</u>	<u>1,611,945</u>	<u>2,039,566</u>	<u>474,179</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	25,932		25,932	11,140
Government remittances payable	2,849		2,849	8,301
Deferred contributions relating to tangible capital assets - Note 5	46,800		46,800	51,586
	<u>75,581</u>		<u>75,581</u>	<u>71,027</u>
FUND BALANCES				
INTERNALLY RESTRICTED FOR BUILDING PROJECT		1,611,945	1,611,945	100,000
OPERATING FUND	330,425		330,425	278,416
INVESTED IN CAPITAL ASSETS	21,615		21,615	24,736
	<u>352,040</u>	<u>1,611,945</u>	<u>1,963,985</u>	<u>403,152</u>
APPROVED ON BEHALF OF THE BOARD				
		Director		
		Director		
	<u>427,621</u>	<u>1,611,945</u>	<u>2,039,566</u>	<u>474,179</u>

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, 2019

	Operating Fund \$	Internally Restricted for Building Project \$	2019 \$	2018 \$
REVENUE				
United Way serving Kingston, Frontenac, Lennox & Addington	22,500		22,500	45,000
Insurance proceeds	7,894		7,894	
Donations - Note 6	254,087	1,575,200	1,829,287	297,911
Investment income	4,077		4,077	2,426
Amortization of deferred contributions related to tangible capital assets	4,786		4,786	8,408
Ontario Trillium Foundation - grant				5,880
Other revenue	1,439		1,439	269
	294,783	1,575,200	1,869,983	359,894
EXPENDITURES				
Operating				
Fuel and utilities	12,289		12,289	14,313
Garbage removal	8,234		8,234	6,139
Insurance	7,088		7,088	6,346
Major renovations				2,962
Other	3,135		3,135	1,223
Repairs and maintenance	6,029		6,029	6,137
Security	782		782	
Telephone	3,841		3,841	2,070
Vehicle gas and repairs	3,304		3,304	3,813
Amortization of equipment	7,907		7,907	6,718
	52,609		52,609	49,721
Material relief				
Food - Food bank	17,478		17,478	7,269
Food - Lunch program	14,750		14,750	21,917
Other support	377		377	477
	32,605		32,605	29,663
Administration				
Audit and Legal	9,547		9,547	4,054
Bookkeeping	1,095		1,095	2,186
Capital campaign expenses - Note 7		63,255	63,255	
Fundraising	954		954	175
Volunteer, Purcell Student Award and other	654		654	1,159
Office supplies and bank charges	7,734		7,734	11,419
Salaries and employee benefits	140,697		140,697	142,967
	160,681	63,255	223,936	161,960
	245,895	63,255	309,150	241,344
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR	48,888	1,511,945	1,560,833	118,550
FUND BALANCES - BEGINNING OF YEAR - Note 8	303,152	100,000	403,152	284,602
FUND BALANCES - END OF YEAR	352,040	1,611,945	1,963,985	403,152

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, 2019

	2019 \$	2018 \$
OPERATING ACTIVITIES		
Excess of revenues over expenditures (expenditures over revenue) for year	1,560,833	118,550
Adjustment for items which do not affect cash -		
Amortization of tangible capital assets	7,907	6,718
Amortization of deferred contributions related to tangible capital assets	(4,786)	(8,408)
	<u>1,563,954</u>	116,860
Net change in non-cash working capital balances related to operations - Note 9	(12,598)	1,250
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	<u>1,551,356</u>	118,110
INVESTING ACTIVITIES		
Purchase of capital assets	(12,376)	
(Increase) decrease of long-term investments	(24,078)	
Due from affiliated company	(1,070,904)	(2,346)
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(1,107,358)</u>	(2,346)
NET INCREASE IN CASH AND EQUIVALENTS FOR YEAR	443,998	115,764
CASH AND EQUIVALENTS - BEGINNING OF YEAR	261,107	145,343
CASH AND EQUIVALENTS - END OF YEAR	<u>705,105</u>	261,107
REPRESENTED BY:		
Cash	705,105	261,107

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, 2019**

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, 2019

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, including the capital campaign fundraising costs. 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, 2019

2. ACCOUNTING POLICIES (Cont'd)

(i) Cash and Equivalents

Cash and equivalents consist of cash on deposit and short term investments with a maturity date less than ninety days.

(j) Income Taxes

The organization is exempt from paying income taxes, as it is a registered charitable organization.

3. INVESTMENTS

The investments are comprised of the following:

	2019	2018
	\$	\$
Investment savings accounts	1,664	1
2.41% Guaranteed investment certificate, maturing September 2019		95,677
2.39% Guaranteed investment certificate, maturing September 2019		32,932
2.2% Guaranteed investment certificate, maturing September 2020	95,000	
2.11% Guaranteed investment certificate, maturing September 2020	35,789	
Fidelity Global Monthly Income Equity Fund	8,100	
Manulife Canadian Balanced Private Pool Equity Fund	12,135	
	152,688	128,610

4. TANGIBLE CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Equipment	20,690	16,149	19,712	14,129
Buildings	99,554	34,710	99,554	30,728
Automobile	11,397	1,140	18,113	18,113
Paving	6,122	4,973	6,122	4,209
	137,763	56,972	143,501	67,179
Cost less accumulated amortization	\$ 80,791		\$ 76,322	

**ST. VINCENT DE PAUL SOCIETY OF KINGSTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

5. DEFERRED CONTRIBUTIONS RELATING TO TANGIBLE CAPITAL ASSETS

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

	2019	2018
	\$	\$
Balance - beginning of year	51,586	59,994
Amortization recognized as revenue for year	(4,786)	(8,408)
	<hr/>	
Balance - end of year	46,800	51,586

6. DONATIONS

During 2018, of the donations received, a single donation of \$100,000 was treated by the Board of Directors to be used as the initial transfer to the Internally Restricted for Building Project fund.

7. CAPITAL CAMPAIGN EXPENSES

During the year the organization commenced a capital campaign for the purposes of fund raising for a building project. Of the costs incurred, an amount of \$21,900 was allocated for salaries and benefits for employees related to this campaign.

8. FUND BALANCES

In the 2018 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.

**ST. VINCENT DE PAUL SOCIETY OF KINGSTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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

	2019 \$	2018 \$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	(21,324)	(1,596)
Prepaid expenses	(614)	93
	(21,938)	(1,503)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	14,792	(2,124)
Government remittances payable	(5,452)	4,877
	9,340	2,753
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(12,598)	1,250

10. 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, which have not changed since 2018, 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.

(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.

**ST. VINCENT DE PAUL SOCIETY OF KINGSTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

10. FINANCIAL INSTRUMENTS (Cont'd)

(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.

11. DUE FROM AFFILIATED COMPANY

The due from affiliated company account balance consists of expenses paid on behalf of SVDP Kingston Holdings. SVDP Kingston Holdings is a not-for-profit organization, whose purpose is to hold its assets and the income derived therefrom for the benefit of St. Vincent de Paul Society, Kingston. There are no fixed terms of repayment from SVDP Kingston Holdings to St. Vincent De Paul, Kingston.

12. 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.

13. COMMITMENTS

During 2019 the organization committed to purchasing 600 Bagot Street and 30 Charles Street in Kingston, Ontario. A financial plan to fund the acquisition has been developed by the Board of Directors and management. The transaction relating to the purchase of this property was completed in November 2019.

**ST. VINCENT DE PAUL SOCIETY OF KINGSTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

14. SUBSEQUENT EVENTS

Since the end of the year, the coronavirus disease COVID-19 has had considerable impact, both globally and locally, which has the potential to create financial stress on the organization in the following areas:

(a) The global investment markets have experienced substantial volatility and downward valuation due to the economic concerns at this time, which could significantly impact the organization's investment portfolio, and

(b) Due to the economic uncertainty that affects potential donors, the receipt of donations may be reduced.

At the time that these financial statements were finalized, the financial impact of these two areas could not be determined.