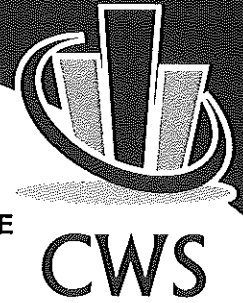


MARILLAC PLACE

(SPECIAL WORKS CONFERENCE OF SOCIETY OF ST. VINCENT de PAUL, KITCHENER PARTICULAR COUNCIL INC.)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018



INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF MARILLAC PLACE

Qualified Opinion

We have audited the accompanying financial statements of Marillac Place which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in net assets 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 paragraph, these financial statements present fairly, in all material respects, the financial position of Marillac Place as at December 31, 2018 and its results of operations, changes in net assets and 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 and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenues from these sources was limited to accounting for 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 expenses over revenue, and cash flows for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1, 2018 and December 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended December 31, 2018 was also modified because of the possible effects of the same 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 Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Entity 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 these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free of 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.

Auditor's 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 of 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 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 the 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 conclusions 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 present 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.

Cardy Winters & Simon LLP

Chartered Professional Accountants, Licensed Public Accountants
Kitchener, Ontario
June 27, 2019

Cardy Winters & Simon LLP

Chartered Professional Accountants

Suite 103 - 630 Riverbend Drive, Kitchener, ON N2K 3S2
Tel: (519) 744-4030 • Fax: (519) 579-7576 • www.cwscpa.ca

MARILLAC PLACE

(SPECIAL WORKS CONFERENCE OF SOCIETY OF ST. VINCENT de PAUL, KITCHENER PARTICULAR COUNCIL INC.)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

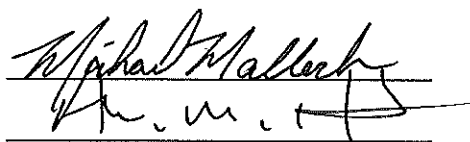
	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents (note 2)	\$ 209,258	\$ 66,330
Portfolio investments, at fair market value (note 3)	63,454	129,773
Funding receivable	0	7,228
GST/HST rebates receivable	7,898	9,776
Prepaid expenses	8,023	7,406
	<u>288,633</u>	<u>220,513</u>
Restricted investments (note 4)	150,000	150,000
Capital assets (note 5)	24,055	27,983
	<u>\$ 462,688</u>	<u>\$ 398,496</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Government remittances payable	\$ 0	\$ 2,819
Other accounts payable and accrued liabilities	17,259	25,703
Deferred revenue (note 6)	118,760	8,200
	<u>136,019</u>	<u>36,722</u>
Net assets		
Invested in capital assets	24,055	27,983
Internally restricted (note 4)	150,000	150,000
Unrestricted	152,614	183,791
	<u>326,669</u>	<u>361,774</u>
	<u>\$ 462,688</u>	<u>\$ 398,496</u>

See accompanying notes to financial statements.

On behalf of the board of directors



Michael Malleck

MARILLAC PLACE

(SPECIAL WORKS CONFERENCE OF SOCIETY OF ST. VINCENT de PAUL, KITCHENER PARTICULAR COUNCIL INC.)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Invested in capital assets		
Balance, beginning of year	\$ 27,983	\$ 32,028
Purchase of capital assets	4,231	9,513
Amortization of capital assets	(8,159)	(13,558)
	<hr/> 24,055	<hr/> 27,983
Internally restricted		
Balance, beginning of year	150,000	150,000
	<hr/> 150,000	<hr/> 150,000
Unrestricted		
Balance, beginning of year	183,791	181,920
Excess of expenses over revenue	(35,105)	(2,174)
Net change in investment in capital assets	3,928	4,045
	<hr/> 152,614	<hr/> 183,791
	<hr/> <u>\$ 326,669</u>	<hr/> <u>\$ 361,774</u>

See accompanying notes to financial statements.

MARILLAC PLACE

(SPECIAL WORKS CONFERENCE OF SOCIETY OF ST. VINCENT de PAUL, KITCHENER PARTICULAR COUNCIL INC.)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Revenue		
Donations from St. Vincent de Paul parish conferences	\$ 12,200	\$ 10,600
Donations from general public	55,424	59,589
Donations from corporations	10,734	5,278
Donation from registered charities	18,090	11,297
Government funding for residents, before reimbursed amounts	220,395	226,866
Fund-raising and sponsorships (note 7)	91,369	90,314
Government and other grants (note 8)	25,126	5,500
Dividend, interest and other investment income (note 3)	7,988	7,545
	<u>441,326</u>	<u>416,989</u>
Expenses		
Amortization of capital assets	8,159	13,558
Bank charges and interest	1,896	1,141
Building costs	5,589	5,470
Food	14,284	13,099
Fund-raising	6,919	9,591
Grant expenses	2,325	0
Office	16,614	16,155
Professional fees	8,315	5,497
Program and training costs	4,118	2,277
Reimbursement of Ontario Works funding to residents	3,395	9,271
Repairs and maintenance	13,599	15,815
Telephone	6,062	4,612
Travel	1,869	1,906
Utilities	13,627	9,618
Wages and benefits	357,851	321,240
	<u>464,622</u>	<u>429,250</u>
Excess of expenses over revenue before under-noted item	(23,296)	(12,261)
Realized gain on disposal of portfolio investments	10,322	0
(Decrease) increase in fair market value of investments (note 3)	(22,131)	10,087
Excess of expenses over revenue	<u>\$ (35,105)</u>	<u>\$ (2,174)</u>

See accompanying notes to financial statements.

MARILLAC PLACE
(SPECIAL WORKS CONFERENCE OF SOCIETY OF ST. VINCENT de PAUL, KITCHENER PARTICULAR COUNCIL INC.)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Cash provided by (used in)		
Operations		
Excess of expenses over revenue	\$ (35,105)	\$ (2,174)
Items not involving cash		
Amortization of capital assets	8,159	13,558
Changes in non-cash operating working capital		
Decrease (increase) in portfolio investments	66,319	(42,328)
Decrease (increase) in funding receivable	7,228	(5,924)
Decrease (increase) in GST/HST rebates receivable	1,878	(3,058)
Increase in prepaid expenses	(617)	(63)
Decrease in government remittances payable	(2,819)	(128)
(Decrease) increase in other accounts payable and accrued liabilities	(8,444)	3,821
Increase in deferred revenue	110,560	7,700
	<u>147,159</u>	<u>(28,596)</u>
Investments		
Additions to capital assets	(4,231)	(9,513)
	<u>142,928</u>	<u>(38,109)</u>
Increase (decrease) in cash	142,928	(38,109)
Cash and cash equivalents, beginning of year	66,330	104,439
Cash and cash equivalents, end of year	<u>\$ 209,258</u>	<u>\$ 66,330</u>

See accompanying notes to financial statements.

MARILLAC PLACE

(SPECIAL WORKS CONFERENCE OF SOCIETY OF ST. VINCENT de PAUL, KITCHENER PARTICULAR COUNCIL INC.)
NOTES TO FINANCIAL STATEMENTS, PAGE 1
FOR THE YEAR ENDED DECEMBER 31, 2018

Marillac Place ("the Organization") originated as an activity of Society of St. Vincent de Paul, Kitchener Particular Council Inc. ("Particular Council"). Its primary activity is running a home for mothers of infants and young children in distress. The Organization is a registered charitable organization bearing registration number 138942156 RR0001 and is exempted from income taxes.

Particular Council was incorporated without share capital under the laws of the Province of Ontario, as a not-for-profit organization, and is primarily engaged in providing financial and corporal assistance to the needy of Kitchener-Waterloo area. Particular Council is a registered charitable organization bearing registration number 891373045 RR0001 and is exempted from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance with Chartered Professional Accountants of Canada Handbook Part III - Canadian Accounting Standards for Not-for-Profit Organizations.

(b) Revenue recognition

The Organization uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Donations and fundraising income are recorded as revenue when received.

Donated goods or services are not recognized as revenue.

Dividend income on portfolio investments is recognized in income when dividend is declared. Bank interest is recognized in income as earned, on an accrual basis.

(c) Capital assets

Capital assets are recorded at cost.

Amortization is calculated using the following rates and methods

Office equipment	Straight-line	4 years
Furniture and fixtures	Straight-line	10 years
Building and building improvements	Straight-line	10 years

(d) Financial instruments

A financial instrument is a contract that creates a financial asset for one entity and a financial liability or equity instrument of another entity.

The Organization initially measures its financial assets and liabilities at fair value, except for non-arm's length transactions, if any. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments with quoted fair values in an active market, if any, which are measured at fair value. Changes in fair value are recognized in net income.

MARILLAC PLACE

(SPECIAL WORKS CONFERENCE OF SOCIETY OF ST. VINCENT de PAUL, KITCHENER PARTICULAR COUNCIL INC.)
NOTES TO FINANCIAL STATEMENTS, PAGE 2
FOR THE YEAR ENDED DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

The Organization recognizes its transaction costs in net income in the period incurred. However financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination.

Financial assets measured at amortized cost includes cash. Financial assets measured at fair value include portfolio investments. Financial liabilities measured at amortized cost include other accounts payable and accrued liabilities.

(e) Use of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents ("cash") consists of three Canadian bank accounts with Libro Financial Group totaling \$187,545, Libro non-redeemable GIC for \$20,414, Libro profit shares for \$634 and Qtrade Investor account for \$665. The non-redeemable GIC bears interest at 1.7% and matured on January 17, 2019.

3. PORTFOLIO INVESTMENTS

Portfolio investments consists of six equity investments that were (a) donated to the Organization over the past five years or (b) purchased using accumulated cash from dividends on these investments. Cost of the investments - calculated at time of the donation or purchase - is \$190,816 (2017 - \$235,003).

Fair market value at December 31, 2018 is \$213,454 (2017 - \$279,773). Fair market value adjustment at December 31, 2018 resulted in decrease to investments balance of \$22,131 (2017 - increase of \$10,087).

Investments that are not internally restricted amount to \$63,454 (2017 - \$129,773) and investments internally restricted by board resolution amount to \$150,000, for a total of \$213,454 (2017 - \$279,773). Internally restricted investments are disclosed separately as per note 4 details.

MARILLAC PLACE

(SPECIAL WORKS CONFERENCE OF SOCIETY OF ST. VINCENT de PAUL, KITCHENER PARTICULAR COUNCIL INC.)
NOTES TO FINANCIAL STATEMENTS, PAGE 3
FOR THE YEAR ENDED DECEMBER 31, 2018

3. PORTFOLIO INVESTMENTS (continued)

Dividend, interest and other investment income includes portfolio dividend income of \$7,264 (2017 - \$7,122), Libro bank account interest of \$407 (2017 - \$307) and other income of \$317 (2017 - \$116).

4. INTERNALLY RESTRICTED ASSETS

During 2015 the board of directors resolved to internally restrict \$150,000 of portfolio investments for possible downturn in key revenue sources.

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2018 Net Book Value</u>	<u>2017 Net Book Value</u>
Office equipment	\$ 43,353	\$ 41,012	\$ 2,341	\$ 0
Furniture and fixtures	72,142	59,141	13,001	16,543
Paving	6,741	6,741	0	0
Building improvements	251,377	242,664	8,713	11,440
	<u>\$ 373,613</u>	<u>\$ 349,558</u>	<u>\$ 24,055</u>	<u>\$ 27,983</u>

Amortization expense for the year amounted to \$8,159 (2017 - \$13,558).

The Organization operates out of a property located at 109 Young Street, Kitchener. The property consists of a main building and a coach house behind the main building. The property is 100% owned by Particular Council. Mortgage financing on the property was repaid in full during 2012.

The Organization undertook approximately \$80,900 in main building capitalized improvements in prior years, mostly financed using grants provided to the Organization.

The Organization also undertook approximately \$170,400 in coach house capitalized improvements in prior years, mostly financed by grants provided to the Organization.

6. DEFERRED REVENUE

Deferred revenue includes \$4,200 from \$8,200 Doula grant received from Kitchener-Waterloo Community Foundation in 2017 and \$114,560 grant received from Lyle S. Hallman Foundation ("Hallman") in December 2018. The Hallman grant is the first installment of a grant totaling \$198,200 for the purpose of reimagining the Organization's programming. The reimagining work commenced in the spring of 2019 and is expected to be completed by February 2020.

7. FUND-RAISING AND SPONSORSHIPS

Fund-raising and sponsorships income consists primarily of Baby Bottle Campaign proceeds of \$75,277 (2017 - \$63,088), bingo revenue of \$16,091 (2017 - \$16,498) and Knights of Columbus Council 1504 Trivia Night proceeds of nil (2017 - \$10,728).

MARILLAC PLACE

(SPECIAL WORKS CONFERENCE OF SOCIETY OF ST. VINCENT de PAUL, KITCHENER PARTICULAR COUNCIL INC.)
NOTES TO FINANCIAL STATEMENTS, PAGE 4
FOR THE YEAR ENDED DECEMBER 31, 2018

8. GOVERNMENT AND OTHER GRANTS

2018 grant income includes \$13,724 from Kitchener-Waterloo Community Foundation, including \$4,000 from 2017 deferred revenue, \$3,029 from The Catholic Community Foundation of Waterloo Region, \$2,500 from Elementary Teachers' Federation of Ontario, \$2,400 from Zonta Club of Kitchener-Waterloo, \$2,000 from Vancouver Foundation and \$1,375 from Bluesea Foundation and \$98 from The Benevity Foundation. Grant expenditures of \$2,325 for 2018 have been reported separately.

2017 grant income includes \$2,000 from Zonta Club of Kitchener-Waterloo, \$2,000 from Vancouver Foundation and \$1,500 from The Maycourt Club. There were no grant expenses for 2017 to report separately.

9. FINANCIAL INSTRUMENTS RISK

(a) Fair value of financial assets and financial liabilities

The carrying value of cash and other accounts payable approximate fair values due to the immediate and short-term nature of these financial instruments.

(b) Financial risks

- i) Interest rate risk refers to the adverse consequences of interest rate changes on the Organization's cash flows, financial position and income. Any excess cash is invested at short-term market interest rates and is not subject to significant amounts of interest rate risk. The Organization's exposure to this risk did not change during the year.
- ii) Credit risk is the risk that an issuer or counter party will be unable or unwilling to meet a commitment that it has entered into with the Organization. The Organization is exposed to limited credit risk through its collection of its program funds and funding grants. The Organization's exposure to this risk did not change during the year.
- iii) Other price risk refers to fluctuation of fair value or future cash flows of investments because of changes in market price. The Organization is exposed to other price risk associated with equity investments. The Organization's exposure to this risk decreased during the year by \$44,188 due to sale of investments with adjusted cost base of \$68,510 netted with additional equity investment of \$24,322 from donated securities.

At year end, the carrying value of financial assets was \$422,712 (2017 - \$353,331).