

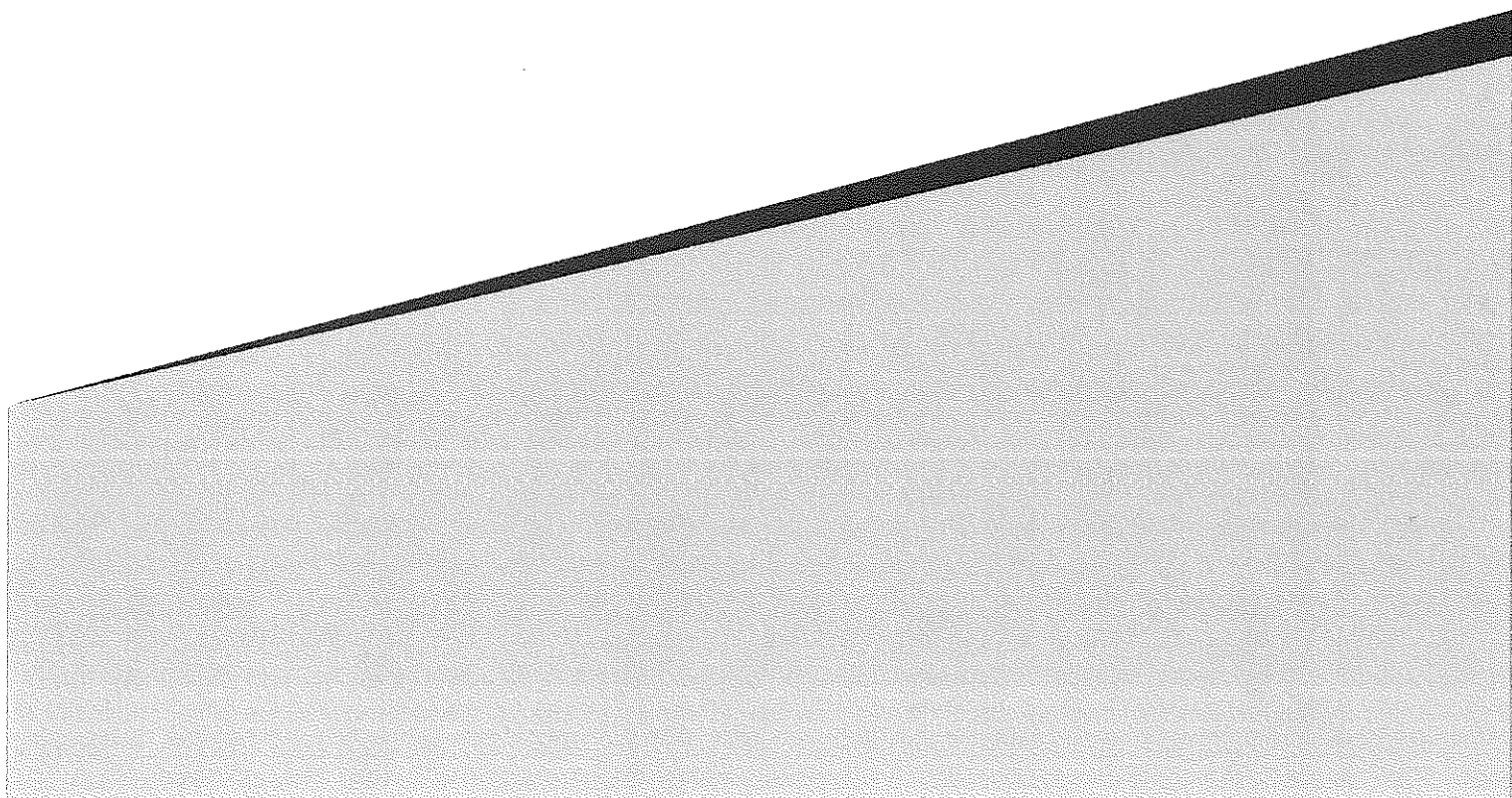


Marillac Place

(Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

Financial Statements

Year Ended December 31, 2019



Marillac Place

(Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

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Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Marillac Place (Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

Qualified Opinion

We have audited the financial statements of Marillac Place (Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.) (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenses, 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* 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 the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenues from donations and fundraising, the completeness of which is not susceptible to 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 revenues, excess of revenues over expenses, and cash flows for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as of January 1, 2019 and December 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended December 31, 2018 was also modified because of the possible effects of this departure from ASNPO.

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 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 audit 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 ASNPO, 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 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.

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Independent Auditor's Report to the Directors of Marillac Place *(continued)*

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.

Kitchener, Ontario
October 1, 2020

LRK Tax LLP
Chartered Professional Accountants
Licensed Public Accountants

Marillac Place

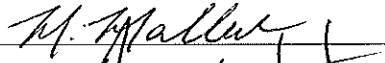
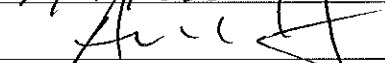
(Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

Statement of Financial Position

December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Note 4)</i>	\$ 266,070	\$ 209,258
Portfolio investments, at fair market value <i>(Note 5)</i>	107,087	63,454
HST recoverable	5,509	7,900
Prepaid expenses	8,422	8,023
	<u>387,088</u>	<u>288,635</u>
CAPITAL ASSETS <i>(Note 7)</i>	18,560	24,055
RESTRICTED INVESTMENTS <i>(Note 6)</i>	150,000	150,000
	<u>\$ 555,648</u>	<u>\$ 462,690</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 16,806	\$ 17,261
Deferred revenue <i>(Note 8)</i>	162,694	118,760
	<u>179,500</u>	<u>136,021</u>
NET ASSETS		
Unrestricted fund	207,588	152,614
Internally restricted <i>(Note 6)</i>	150,000	150,000
Invested in capital assets	18,560	24,055
	<u>376,148</u>	<u>326,669</u>
	<u>\$ 555,648</u>	<u>\$ 462,690</u>

ON BEHALF OF THE BOARD

 Director
 Director

Marillac Place

(Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

Statement of Revenues and Expenses

Year Ended December 31, 2019

	2019	2018
REVENUES		
Government funding for residents, before reimbursements	\$ 235,270	\$ 220,395
Fundraising and sponsorships <i>(Note 9)</i>	104,239	91,369
Donations from general public	68,779	55,424
Government and other grants <i>(Note 10)</i>	54,476	25,126
Donations from registered charities	9,385	18,090
Donations from corporations	9,348	10,734
Dividend, interest and other investment income <i>(Note 5)</i>	6,546	7,988
Donations from St. Vincent de Paul parish conferences	600	12,200
	<u>488,643</u>	<u>441,326</u>
EXPENSES		
Wages and benefits	319,217	357,851
Grant expenses	43,749	2,325
House Expenses	17,245	16,614
Food	16,699	14,284
Repairs and maintenance	12,309	13,599
Professional fees	10,711	8,315
Utilities	8,809	13,627
Amortization	6,604	8,159
Telephone	6,289	6,062
Insurance	6,253	5,589
Fundraising	5,690	6,919
Reimbursement of Ontario Works funding	3,544	3,395
Travel	1,867	1,869
Program and training costs	1,303	4,118
Bank charges and interest	811	1,895
	<u>461,100</u>	<u>464,621</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FROM OPERATIONS	<u>27,543</u>	<u>(23,295)</u>
OTHER ITEMS		
Gain on disposal of portfolio investments	13,792	10,322
Increase/(decrease) in fair market value of investments <i>(Note 5)</i>	8,144	(22,131)
	<u>21,936</u>	<u>(11,809)</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	<u>\$ 49,479</u>	<u>\$ (35,104)</u>

Marillac Place

(Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

Statement of Changes in Net Assets

Year Ended December 31, 2019

	Unrestricted Fund	Internally Restricted	Invested in Capital Assets	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 152,614	\$ 150,000	\$ 24,055	\$ 326,669	\$ 361,773
EXCESS OF REVENUES OVER EXPENSES	54,974	-	(5,495)	49,479	(35,104)
NET ASSETS - END OF YEAR	<u>\$ 207,588</u>	<u>\$ 150,000</u>	<u>\$ 18,560</u>	<u>\$ 376,148</u>	<u>\$ 326,669</u>

Marillac Place

(Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues)	\$ 49,479	\$ (35,104)
Item not affecting cash:		
Amortization of capital assets	<u>6,604</u>	<u>8,159</u>
	<u>56,083</u>	<u>(26,945)</u>
 Changes in non-cash working capital:		
Funding receivable	-	7,228
Marketable securities	(43,633)	66,319
Accounts payable and accrued liabilities	(455)	(11,264)
Deferred revenue	43,934	110,560
Prepaid expenses	(399)	(617)
HST recoverable	<u>2,391</u>	<u>1,878</u>
	<u>1,838</u>	<u>174,104</u>
 Cash flow from operating activities	<u>57,921</u>	<u>147,159</u>
 INVESTING ACTIVITY		
Additions to capital assets	<u>(1,109)</u>	<u>(4,231)</u>
 INCREASE IN CASH FLOW	56,812	142,928
 Cash - beginning of year	<u>209,258</u>	<u>66,330</u>
 CASH - END OF YEAR (Note 4)	<u>\$ 266,070</u>	<u>\$ 209,258</u>

Marillac Place

(Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

Notes to Financial Statements

Year Ended December 31, 2019

1. PURPOSE OF THE ORGANIZATION

Marillac Place (the "Organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act. The Organization's charitable registration number is 13894 2156 RR0001.

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.

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 need of Kitchener-Waterloo area. Particular Council is a registered charitable organization bearing registration number 89137 3045 RR0001 and is exempted from income taxes.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Marillac Place 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.

Donation and fundraising income are recognized as revenue in the year in which they are 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.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Office equipment	4 years	straight-line method
Furniture and fixtures	10 years	straight-line method
Buildings and building improvements	10 years	straight-line method

(continues)

Marillac Place

(Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

Notes to Financial Statements

Year Ended December 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 of 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.

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 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 organization.

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 non-government accounts payable and accrued liabilities.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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.

4. CASH

Cash and cash equivalents ("cash") consists off three Canadian bank accounts with Libro Financial Group totalling \$236,632, Libro non-redeemable GIC for \$20,755, Libro profit shares for \$701 and Qtrade Investor account for \$7,982. The non-redeemable GIC bears interest at 1.65% and matures on January 12, 2020.

Marillac Place

(Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

Notes to Financial Statements

Year Ended December 31, 2019

5. PORTFOLIO INVESTMENTS

	2019	2018
Market value, net of internally restricted amount	<u>\$ 107,087</u>	<u>\$ 63,454</u>

Portfolio investments consist 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 the time of the donation or purchase - is \$233,937 (2018 - \$190,816).

Fair market value at December 31, 2019 is \$257,087 (2018 - \$213,454). Fair market value adjustment at December 31, 2019 resulted in an increase to investments balance of \$8,144 (2018 - decrease of \$22,131).

Investments that are not internally restricted amount to \$107,087 (2018 - \$63,454) and investments internally restricted by board resolution amount to \$150,000, for a total of \$257,087 (2018 - \$213,454). Internally restricted investments are disclosed separate as per note 6 details.

Dividend, interest and other investment income includes portfolio dividend income of \$5,261 (2018 - \$7,264), Libro bank account interest of \$1,106 (2018 - \$407) and other income of \$179 (2018 - \$317).

6. 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.

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Office equipment	\$ 44,462	\$ 43,016	\$ 1,446	\$ 2,341
Furniture and fixtures	72,142	62,682	9,460	13,001
Paving	6,741	6,741	-	-
Buildings	170,428	170,428	-	-
Building improvements	80,949	73,295	7,654	8,713
	<u>\$ 374,722</u>	<u>\$ 356,162</u>	<u>\$ 18,560</u>	<u>\$ 24,055</u>

Amortization expense for the year amounted to \$6,604 (2018 - \$8,159).

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 \$170,400 in coach house capitalized improvements in prior years, mostly financed by grants provided to the Organization. These improvements were fully amortized prior to 2019.

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

Marillac Place

(Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

Notes to Financial Statements

Year Ended December 31, 2019

8. DEFERRED REVENUE

Deferred revenue includes two amounts received (\$114,560 in December 2018 and \$83,640 in December 2019) from Lyle S. Hallman Foundation ("Hallman grant") less \$35,506 in programming costs and other costs incurred during 2019. The Hallman grant was paid in two instalments 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 2021.

9. FUNDRAISING

Fundraising and sponsorships income consists primarily of Baby Bottle and Annual Appeal Campaign proceeds of \$86,663 (2018 - \$75,277) and bingo revenue of \$17,576 (2018 - \$16,091).

10. GOVERNMENT AND OTHER GRANTS

	<u>2019</u>	<u>2018</u>
Kitchener-Waterloo Community Foundation	\$ 15,030	\$ 13,724
Lyle Hallman Foundation	35,506	-
Zonta Club of Kitchener-Waterloo	3,940	2,400
The Catholic Community Foundation of Waterloo Region	-	3,029
Elementary Teachers' Federation of Ontario	-	2,500
Vancouver Foundation	-	2,000
Bluesea Foundation	-	1,375
The Benevity Foundation	-	98
	<u>54,476</u>	<u>25,126</u>
Grant expenditures	<u>(43,749)</u>	<u>(2,325)</u>
	<u>\$ 10,727</u>	<u>\$ 22,801</u>

11. 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.

(continues)

Marillac Place

(Special Works Conference of Society of St. Vincent de Paul, Kitchener Particular Council Inc.)

Notes to Financial Statements

Year Ended December 31, 2019

FINANCIAL INSTRUMENTS RISK (continued)

(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 increased during the year by \$43,121 due to additional cost of investments purchased, less investments sold, plus securities donated during the year.

At year end, the carrying value of financial assets was \$523,157 (2018 - \$422,712).

12. SUBSEQUENT EVENTS

The duration and impact of Covid-19 pandemic is unknown and it is not possible to reliably estimate the impact on the financial results of the organization in future periods.