

Marillac Place

Financial Statements

Year Ended December 31, 2021

**Marillac Place
Financial Statements**

Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Marillac Place :

Qualified Opinion

We have audited the financial statements of Marillac Place, the "Organization", which comprise the statement of financial position as at December 31, 2021, 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 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, 2021, and the results of its 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 not-for-profit organizations, Marillac Place derives revenue from donations from interested persons, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Marillac Place. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donation revenues, excess of revenues over expenses, and cash flows for the years ended December 31, 2021 and December 31, 2020 and current assets and net assets as at December 31, 2021 and December 31, 2020. Our conclusion on the financial statements as at and for the year ended December 31, 2021 was modified accordingly because of the possible effects of this 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 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 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 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.

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.

Waterloo, Ontario
June 16, 2022

MAC LLP.
LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS

Marillac Place

Statement of Changes in Net Assets

Year Ended December 31, 2021

| | Unrestricted | Internally Restricted | Invested in Capital Assets | 2021 | 2020 |
|---|--------------------------|--------------------------|----------------------------------|--------------------------|--------------------------|
| Balance, | | | | | |
| Beginning of Year | \$ 196,803 | \$ 225,000 | \$ 25,610 | \$ 447,413 | \$ 376,148 |
| Excess of revenue over expenses for year | 83,752 | - | (4,339) | 79,413 | 71,265 |
| Transfers (Note 5) | <u>(90,000)</u> | <u>90,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance, End of Year | <u>\$ 190,555</u> | <u>\$ 315,000</u> | <u>\$ 21,271</u> | <u>\$ 526,826</u> | <u>\$ 447,413</u> |

Marillac Place
Statement of Financial Position

December 31, 2021

| | 2021 | 2020 |
|--|-------------------|-------------------|
| <i>Assets</i> | | |
| Current | | |
| Cash and cash equivalents | \$ 255,721 | \$ 308,666 |
| Other investments (Note 3) | 10,670 | 59,280 |
| Prepaid expenses | 10,036 | 8,570 |
| Government remittances recoverable | <u>14,396</u> | <u>7,906</u> |
| | 290,823 | 384,422 |
| Non-current | | |
| Capital assets (Note 4) | 21,271 | 25,610 |
| Internally restricted investments (Note 5) | <u>315,000</u> | <u>225,000</u> |
| | <u>\$ 627,094</u> | <u>\$ 635,032</u> |
| <i>Liabilities</i> | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 39,632 | \$ 32,552 |
| Deferred revenue (Note 7) | <u>60,636</u> | <u>155,067</u> |
| | <u>100,268</u> | <u>187,619</u> |
| <i>Net Assets</i> | | |
| Unrestricted net assets | 190,555 | 196,803 |
| Internally restricted (Note 5) | 315,000 | 225,000 |
| Net invested in capital assets | <u>21,271</u> | <u>25,610</u> |
| | <u>526,826</u> | <u>447,413</u> |
| | <u>\$ 627,094</u> | <u>\$ 635,032</u> |

Approved on behalf of the board:



Director



Director

Marillac Place
Statement of Operations

Year Ended December 31, 2021

| | 2021 | 2020 |
|---|------------------|------------------|
| Revenue | | |
| Donations | \$ 184,661 | \$ 87,516 |
| Fundraising and sponsorship income | 2,931 | 101,333 |
| Grants | 279,641 | 175,013 |
| Government funding | 232,723 | 255,610 |
| Investment income | 610 | 5,524 |
| Unrealized gain on investments | <u>3,986</u> | <u>2,953</u> |
| | <u>704,552</u> | <u>627,949</u> |
| Expenses | | |
| Amortization | 4,339 | (1,638) |
| Bank charges and interest | 3,043 | 2,812 |
| Grant expenses | 28,067 | 12,623 |
| House expenses | 21,111 | 26,703 |
| Insurance | 8,121 | 6,866 |
| Food | 15,244 | 17,031 |
| Fundraising | 4,821 | 8,027 |
| Professional fees | 14,988 | 13,076 |
| Program and training costs | 8,714 | 3,873 |
| Repairs and maintenance | 26,396 | 28,858 |
| Telephone | 6,390 | 7,760 |
| Travel | 961 | 1,762 |
| Utilities | 10,529 | 10,683 |
| Wages and benefits | <u>472,415</u> | <u>418,248</u> |
| | <u>625,139</u> | <u>556,684</u> |
| Excess of revenue over expenses for year | <u>\$ 79,413</u> | <u>\$ 71,265</u> |

Marillac Place
Statement of Cash Flows

Year Ended December 31, 2021

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Operating Activities | | |
| Excess of revenue over expenses for year | \$ 79,413 | \$ 71,265 |
| Adjustments for: | | |
| Amortization | <u>4,339</u> | <u>(1,638)</u> |
| | <u>83,752</u> | <u>69,627</u> |
| Changes in non-cash working capital: | | |
| Other investments | (41,390) | (27,193) |
| Prepays | (1,466) | (148) |
| Government remittances recoverable | (6,490) | (2,397) |
| Accounts payable and accrued liabilities | 7,080 | 15,746 |
| Deferred revenue | <u>(94,431)</u> | <u>(7,627)</u> |
| | <u>(136,697)</u> | <u>(21,619)</u> |
| | (52,945) | 48,008 |
| Investing Activities | | |
| Purchase of capital assets | <u>-</u> | <u>(5,412)</u> |
| Net change in cash for the year | (52,945) | 42,596 |
| Cash Balance, Beginning of Year | <u>308,666</u> | <u>266,070</u> |
| Cash Balance, End of Year | <u>\$ 255,721</u> | <u>\$ 308,666</u> |

1. Purpose of Organization

Marillac Place (the "Organization") is a not-for-profit organization. During the year, the Organization incorporated federally without share capital under the Not-for-profit Corporations Act of Canada. The Organization operates in Kitchener, Ontario and it is a registered charity for Canadian Income Tax purposes.

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.

2. Significant Accounting Policies

Basis of Accounting - These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Recognition of Contributions - The Organization follows 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.

Government funding is recognized as revenue in the year in which they are received.

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

Financial Instruments

Initial measurement - The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Organization in the transaction.

Subsequent measurement - The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income, in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents.

The Organization's financial assets measured at fair value include other investments.

Impairment - Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the 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 not 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.

Transaction costs - The Organization recognizes its transaction costs in excess of revenue over expenses 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, issuance or assumption.

Cash and Cash Equivalents - Cash and cash equivalents consist of bank balances and a non-redeemable guaranteed investment certificate.

Capital Assets and Amortization - Purchased capital assets are recorded at cost. Amortization is provided in the accounts using the following methods and annual rates:

| Asset | Method | Rate |
|-------------------------------------|---------------|----------|
| Buildings and building improvements | Straight line | 10 years |
| Furniture and fixtures | Straight line | 10 years |
| Office equipment | Straight line | 4 years |

Disclosure and Use of Estimates - The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Estimates are used when accounting for certain items such as revenues, useful lives of capital assets and asset impairments.

3. Other Investments

The other investments are allocated between unrestricted and internally restricted for possible downturns in key revenue sources reserve and the building improvements reserve as follows:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Unrestricted other investments | \$ 10,670 | \$ 59,280 |
| Internally restricted other investments (Note 5) | <u>275,000</u> | <u>225,000</u> |
| | <u>\$ 285,670</u> | <u>\$ 284,280</u> |

Portfolio investments consist of equity investments that were donated or purchased using accumulated cash from dividends on these investments. Cost of the investments - calculated at the time of the donation or purchase - is \$299,568 (2020 - \$258,177).

Total investment income of \$610 (2020 - \$5,524) consists of portfolio dividend income and bank account interest.

4. Capital Assets

| | Cost | Accumulated Amortization | Net 2021 | Net 2020 |
|------------------------|-------------------|-----------------------------|------------------|------------------|
| Building | \$ 170,428 | \$ 170,428 | \$ - | \$ - |
| Building improvements | 79,891 | 70,839 | 9,052 | 10,110 |
| Furniture and fixtures | 72,142 | 64,628 | 7,514 | 9,434 |
| Office equipment | 49,874 | 45,169 | 4,705 | 6,066 |
| Paving | <u>6,741</u> | <u>6,741</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 379,076</u> | <u>\$ 357,805</u> | <u>\$ 21,271</u> | <u>\$ 25,610</u> |

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.

5. Internally Restricted Investments

In 2021, the Board of Directors resolved to internally restrict an additional \$90,000 for a total of \$315,000 (2020 \$225,000) of investments for possible downturns in key revenue sources and future house projects including improvements and repairs.

6. Bank Indebtedness

The Organization has a operating line of credit available of up to \$20,000 that bears interest at 7.45%. As at December 31, 2021, \$Nil was used (2020 - \$Nil).

7. Deferred Revenue

Deferred revenue represents unspent resources externally restricted to various projects or purposes. Contributions are as follows:

| | 2021 | 2020 |
|---|------------------|-------------------|
| Balance, beginning of year | \$ 155,067 | \$ 162,694 |
| Amounts received during the year | - | 51,201 |
| Amounts recognized as revenue in the year | <u>(94,431)</u> | <u>(58,828)</u> |
| Balance, end of year | <u>\$ 60,636</u> | <u>\$ 155,067</u> |

8. Financial Instruments

Risk Management - The significant risks to which the Organization is exposed are interest rate risk, credit risk and market risk. There has been no change to the risk exposures from the prior year.

Interest Rate Risk - The Organization's interest bearing assets and liabilities include other investments.

Any excess cash is invested at short-term market interest rates and is not subject to significant amounts of interest rate risk. Consequently, the exposure to fluctuations in future cash flows, with respect to these instruments, as a result of changes in market interest rates, is limited.

Credit Risk - The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its commitments to the Organization. The Organization is exposed to limited credit risk through its collection of its program funds and funding grants.

Market Risk - Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations and other relevant market rate or price changes. The Organization is exposed to market risks associated with equity investments. The Organization's exposure to this risk increased during the year by \$41,391 due to the additional cost of investments purchased, less investments sold, plus securities donated during the year.