

## **INDEPENDENT AUDITORS' REPORT**

To the Directors of Outreach St. George's Kingston

We have audited the accompanying financial statements of Outreach St. George's Kingston which comprise the statements of financial position as at December 31, 2013 and the statements of operations, changes in net assets and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the organization derives revenue from donations and fundraising activities, 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 the organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and cash flow from operating activities for the year ended December 31, 2013 and the net assets as at January 1, 2013 and December 31, 2013.

### **Opinion**

In our opinion, except for the effects of adjustments described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects the financial position of Outreach St. George's Kingston as at December 31, 2013 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for non-for-profit organizations.

*Secker Ross & Perry LLP*

Chartered Accountants  
Licensed Public Accountants  
Kingston, Ontario  
April 22, 2014

**OUTREACH ST. GEORGE'S KINGSTON****STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current Assets		
Cash	\$17,491	\$10,254
Sales tax recoverable	<u>744</u>	<u>888</u>
	<u>18,235</u>	<u>11,142</u>
Investments (note 3)	<u>62,614</u>	<u>69,766</u>
	<u>\$80,849</u>	<u>\$80,908</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	<u>\$ 2,302</u>	<u>\$ 2,748</u>
<b>Net Assets</b>		
Emergency Operating Reserve	15,295	15,295
John Coleman Memorial Contingency Reserve	58,262	58,262
Unrestricted	<u>4,990</u>	<u>4,603</u>
	<u>78,547</u>	<u>78,160</u>
	<u>\$80,849</u>	<u>\$80,908</u>

Approved on behalf of the Board

Director

Director

See accompanying notes to financial statements

**OUTREACH ST. GEORGE'S KINGSTON****STATEMENT OF OPERATIONS****YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
Donations	\$ 57,897	\$ 54,441
United Way	6,909	5,765
Investment income	1,874	2,023
Fundraising	<u>1,850</u>	<u>5,096</u>
	<u>68,530</u>	<u>67,325</u>
<b>Expenses</b>		
Advertising	447	312
Assistance fund	1,200	-
Bank charges	-	120
Cleaning	5,371	5,760
Equipment purchases	152	4,913
Food purchases	7,191	6,537
Insurance	2,517	2,364
Professional fees	2,279	2,075
Rent	6,000	6,000
Repairs and maintenance	4,176	5,342
Salaries and benefits	27,674	28,766
Supplies	1,171	1,165
Travel	254	166
Utilities	8,100	8,100
Volunteer appreciation	<u>537</u>	<u>888</u>
	<u>67,069</u>	<u>72,508</u>
<b>Excess (deficiency) of revenues over expenses before the undernoted item</b>	1,461	( 5,183)
Unrealized loss on investments	<u>( 1,074)</u>	<u>( 754)</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 387</u>	<u>\$( 5,937)</u>

See accompanying notes to financial statements



**OUTREACH ST. GEORGE'S KINGSTON**

**STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED DECEMBER 31, 2013**

	<u>Unrestricted</u>	<u>Emergency Operating Reserve</u>	<u>John Coleman Memorial Contingency Reserve</u>	<u>Total 2013</u>	<u>Total 2012</u>
Net assets at beginning of year	\$ 4,603	\$ 15,295	\$58,262	\$78,160	\$ 84,097
Excess (deficiency) of revenues over expenses	<u>387</u>	<u>-</u>	<u>-</u>	<u>387</u>	<u>( 5,937)</u>
Net assets at end of year	<u>\$ 4,990</u>	<u>\$ 15,295</u>	<u>\$58,262</u>	<u>\$78,547</u>	<u>\$ 78,160</u>

See accompanying notes to financial statements

**OUTREACH ST. GEORGE'S KINGSTON****STATEMENT OF CASH FLOW****YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>Cash flow from (used in) operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ 387	\$( 5,937)
Unrealized loss on investments, which does not involve cash	1,074	754
<b>Changes in non-cash working capital balances</b>		
Sales tax recoverable	144	( 383)
Accounts payable and accrued liabilities	( 446)	847
Deferred revenue	<u>-</u>	<u>( 2,000)</u>
	<u>1,159</u>	<u>( 6,719)</u>
<b>Cash flow from (used in) investing and financing activities</b>		
Investments purchased	(21,601)	(14,581)
Investments redeemed	<u>27,679</u>	<u>20,559</u>
	<u>6,078</u>	<u>5,978</u>
<b>Net increase (decrease) in cash</b>	7,237	( 741)
<b>Cash at beginning of year</b>	<u>10,254</u>	<u>10,995</u>
<b>Cash at end of year</b>	<u>\$ 17,491</u>	<u>\$ 10,254</u>

See accompanying notes to financial statements

# **OUTREACH ST. GEORGE'S KINGSTON**

## **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2013**

Outreach St. George's Kingston (the "Organization") has been established in order to provide the homeless and others in need with a daily hot meal at noon time. It is a registered charity exempt from income tax.

### **1. Significant Accounting Policies**

These financial statements have been prepared in accordance with Part III of the CICA Handbook - Accounting Standards for Not-for-Profit Organizations. Significant accounting policies include the following:

**(a) Revenue Recognition**

Outreach St. George's Kingston 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.

**(b) Investments**

Investments in equities, debt instruments and mutual funds are recorded at market value. Changes in fair value of these investments are recorded in the statement of operations.

**(c) Capital Assets**

No value is accorded to capital assets for reporting purposes. Capital asset purchases are charged as expense in the year of acquisition.

**(d) Contributed Goods and Services**

Volunteers contribute a substantial number of hours and goods each year to assist the Organization in carrying out its activities. Because of the difficulty of determining the fair value, contributions of such goods and services are not recognized in the financial statements.

**(e) Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Organization 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. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they are known.

# **OUTREACH ST. GEORGE'S KINGSTON**

## **NOTES TO FINANCIAL STATEMENTS (continued)**

**YEAR ENDED DECEMBER 31, 2013**

### **2. Transfers**

The objective of the John Coleman Memorial Contingency Reserve is to maintain a reserve at a level within 5% of the prior year's audited expenditures. Transfers were made from the Emergency Operating Reserve and the unrestricted net assets during 2011 to adjust this reserve, with no additional transfers made in 2012 or 2013.

### **3. Investments**

Investments consist of fixed rate instruments maturing between January of 2014 and March of 2018, bearing interest at a range of rates.

### **4. Financial Risks**

The Organization manages its exposure to the risks associated with financial instruments that have potential to affect its operating and financial performance. The Organization also manages its financial instruments to ensure it has adequate capital to continue to provide its services to the members. It is management's opinion that the Organization is not exposed to significant interest, currency or liquidity risks arising from these financial instruments. There has been no change to the risk exposure from December 31, 2012 and there is expected to be no substantive change in the next fiscal period. Other financial risks are as follows:

#### **(a) Credit Risk**

Credit risk is the risk of financial loss to the Organization if debtors or counterparties to investments fail to meet their respective contractual obligations. The maximum exposure to credit risk of the Organization at year-end is limited to the carrying amounts of these assets.

#### **(b) Market Risk**

Market risk is the risk of financial loss to the Organization arising from fluctuations in the market price of the Organization's investments. To manage these risks, the Organization has established a target mix of investment types designed to achieve acceptable returns within reasonable risk tolerance.

### **5. Comparative Figures**

Certain comparative figures have been restated in order to conform to the financial statement presentation adopted for the current year.