

**ST. JOSEPH'S PARISH**

**Financial Statements**

**December 31, 2014**

Draft

## **Independent Auditor's Report**

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To the members of  
**St. Joseph's Parish**

We have audited the accompanying financial statements of St. Joseph's Parish, which comprise the statements of financial position as at December 31, 2014 and December 31, 2013 and the statements of operations and changes in net assets and cash flows for the years ended December 31, 2014 and December 31, 2013, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 auditor's judgment, 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 auditor considers 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis For Qualified Opinion**

In common with many not-for-profit organizations, the parish derives revenues from cash donations and contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these sources of revenues was limited to the amounts recorded in the records of the parish and we were not able to determine whether any adjustments might be necessary to revenues or net assets.

## **Independent Auditor's Report**

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### **Qualified Opinion**

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 St. Joseph's Parish as at December 31, 2014 and December 31, 2013, and the results of its operations and its cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

BOURIS, WILSON LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario

# ST. JOSEPH'S PARISH

## Statement of Operations And Changes In Net Assets

For The Year Ended December 31, 2014

	General Fund	St. Joseph's Women's Centre Fund (note 9)	Supper Table Fund	Refugee Fund
<b>Revenues</b>				
Bequests	\$ -	\$ -	\$ -	\$ -
Fundraising	3,291	50,564	30,151	-
Government contributions (note 9)	-	329,827	-	-
Hall and room rental	28,808	-	-	-
Healing centre	50	-	-	-
Investment income	3,954	267	-	-
Miscellaneous	6,418	-	-	-
Parking	167,390	-	-	-
Private contributions	27,079	92,568	93,708	-
Services	22,697	-	-	-
Special offerings	22,549	-	-	-
Sunday collections	339,402	-	1,133	-
	621,638	473,226	124,992	-
<b>Expenses</b>				
Administration	39,417	19,620	8,517	-
Amortization	-	-	-	-
Bank charges and interest	1,951	930	880	-
Diocesan/Oblate tax	22,000	-	-	-
Food	-	15,671	19,372	-
Fundraising	-	25,584	3,097	-
Hospitality and aid	80	589	-	-
Insurance	24,024	11,088	11,088	-
Interest on long-term debt	996	407	630	-
Parking	108,715	-	-	-
Printing	9,353	848	137	-
Professional fees	2,678	4,095	4,095	-
Programs and services	-	29,381	-	-
Rent (recovered)	(56,810)	42,560	14,250	-
Repairs and maintenance	50,053	4,745	639	-
Salaries and benefits	319,908	271,910	101,001	-
Utilities and taxes	49,377	28,567	21,142	-
	571,742	455,995	184,848	-
<b>Excess (deficiency) of revenue over expenses for the year</b>	49,896	17,231	(59,856)	-
Net assets (deficit), beginning of year	116,927	259,950	(114,314)	7,880
Recovery of related party advance	-	-	-	-
Acquisition of property, plant and equipment	(6,641)	-	(520)	-
<b>Net assets (deficit), end of year</b>	\$ 160,182	\$ 277,181	\$ (174,690)	\$ 7,880

The attached notes form an integral part of these financial statements

	David Wink Fund	Bequests Fund	Invested in Property, Plant and Equipment (note 8)	Total 2014	Total 2013
<b>Revenues</b>					
Bequests	\$ -	\$ -	\$ -	\$ -	\$ 108,416
Fundraising	-	-	-	84,006	94,323
Government contributions (note 9)	-	-	-	329,827	319,852
Hall and room rental	-	-	-	28,808	40,028
Healing centre	-	-	-	50	-
Investment income	-	-	-	4,221	5,353
Miscellaneous	-	-	-	6,418	29,442
Parking	-	-	-	167,390	167,626
Private contributions	-	-	-	213,355	266,220
Services	-	-	-	22,697	16,888
Special offerings	-	-	-	22,549	15,481
Sunday collections	-	-	-	340,535	376,789
	-	-	-	1,219,856	1,440,418
<b>Expenses</b>					
Administration	-	-	-	67,554	80,564
Amortization	-	-	57,926	57,926	49,462
Bank charges and interest	-	-	-	3,761	8,014
Diocesan/Oblate tax	-	-	-	22,000	22,000
Food	-	-	-	35,043	44,830
Fundraising	-	-	-	28,681	26,218
Hospitality and aid	-	-	-	669	1,016
Insurance	-	-	-	46,200	46,774
Interest on long-term debt	-	-	-	2,033	2,165
Parking	-	-	-	108,715	108,663
Printing	-	-	-	10,338	10,058
Professional fees	-	-	-	10,868	11,076
Programs and services	-	-	-	29,381	38,425
Rent (recovered)	-	-	-	-	-
Repairs and maintenance	-	-	-	55,437	65,698
Salaries and benefits	-	-	-	692,819	720,516
Utilities and taxes	-	-	-	99,086	91,400
	-	-	57,926	1,270,511	1,326,879
<b>Excess (deficiency) of revenue over expenses for the year</b>	-	-	(57,926)	<b>(50,655)</b>	113,539
Net assets (deficit), beginning of year	34,575	877,332	160,485	<b>1,342,835</b>	1,196,601
Recovery of related party advance	-	-	-	-	32,695
Acquisition of property, plant and equipment	-	(282,866)	290,027	-	-
<b>Net assets (deficit), end of year</b>	<b>\$ 34,575</b>	<b>\$ 594,466</b>	<b>\$ 392,586</b>	<b>\$ 1,292,180</b>	<b>\$ 1,342,835</b>

# ST. JOSEPH'S PARISH

## Statement Of Financial Position

December 31, 2014

2014

2013

### Assets

#### Current

Cash

\$ 646,894 \$ 1,174,216

1.55% - 1.60% term deposits, maturing December 2015

275,308 -

Accounts receivable

80,543 75,056

Prepaid expenses

23,040 24,639

1,025,785 1,273,911

Investments (note 4)

22,334 19,426

Property, plant and equipment (notes 2, 5, 7, 8)

409,433 183,974

\$ 1,457,552 \$ 1,477,311

### Liabilities And Net Assets

#### Current

Accounts payable and accrued liabilities (note 6)

\$ 85,591 \$ 66,052

Deferred revenue and deposits held in trust

62,934 44,935

Current portion of capital lease payable (note 7)

7,308 6,643

155,833 117,630

Capital lease payable (note 7)

9,539 16,846

165,372 134,476

#### Net Assets (deficit)

Unrestricted - General fund

160,182 116,927

Invested in property, plant and equipment (note 8)

392,586 160,485

Externally restricted - St. Joseph's women's centre fund

277,181 259,950

Internally restricted - Supper table fund

(174,690) (114,314)

- Refugee fund

7,880 7,880

- David Wink fund

34,575 34,575

- Bequests fund

594,466 877,332

1,292,180 1,342,835

\$ 1,457,552 \$ 1,477,311

The attached notes form an integral part of these financial statements

Approved on behalf of the Members:

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# ST. JOSEPH'S PARISH

## Statement Of Cash Flows

For The Year Ended December 31, 2014

2014

2013

Cash flows from (for)

### Operating activities

Excess (deficiency) of revenue over expenses for the year	\$ (50,655)	\$ 113,539
Add (deduct) items not involving cash		
Amortization	57,926	49,462
Unrealized gain on investments	(2,908)	(1,927)
Recovery of related party advance	-	32,695
	<u>4,363</u>	<u>193,769</u>
Changes in non-cash working capital balances related to operations		
Accounts receivable	(5,487)	(42,231)
Prepaid expenses	1,599	7,048
Accounts payable and accrued liabilities	19,539	(71,090)
Deferred revenue and deposits held in trust	<u>17,999</u>	<u>(64,018)</u>

Cash flows from operating activities

38,013      23,478

### Investing activities

Purchase of property, plant and equipment	<u>(283,385)</u>	<u>(26,965)</u>
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### Financing activities

Payments on capital lease	<u>(6,642)</u>	<u>(6,511)</u>
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Change in cash and equivalents during the year

(252,014)      (9,998)

Cash and equivalents - beginning of year

1,174,216      1,184,214

- end of year

\$ 922,202      \$ 1,174,216

Cash and equivalents comprises the following:

Cash	\$ 646,894	\$ 1,174,216
Term deposits	<u>275,308</u>	<u>-</u>

\$ 922,202      \$ 1,174,216

The attached notes form an integral part of these financial statements

# ST. JOSEPH'S PARISH

## Notes To The Financial Statements

For The Year Ended December 31, 2014

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### 1. Purpose of the organization:

St. Joseph's Parish is an Oblate parish providing Roman Catholic services to parishioners in the Ottawa Diocese. In addition, it provides a day program for disadvantaged women of the region as well as a supper program providing hospitality as well as food to needy individuals in the city.

The parish is a division of the Oblates of Mary Immaculate St. Peter's Province.

The church land and building are owned by the Oblates of Mary Immaculate St. Peter's Province.

St. Joseph's Parish is a registered charity in accordance with the Income Tax Act (Canada) and is exempt from income taxes.

### 2. Summary of significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The parish's significant accounting policies are as follows:

#### a) Fund accounting:

St. Joseph's Parish follows the restricted fund method of accounting for contributions.

##### **General fund:**

The general fund accounts for the parish's church activities. The fund reports unrestricted resources.

##### **Invested in property, plant and equipment:**

Invested in property, plant and equipment accounts for the parish's net investment in property, plant and equipment.

##### **St. Joseph's women's centre fund (externally restricted):**

The St. Joseph's women's centre fund provides daytime shelter and assistance for women and children. The contributors have imposed certain restrictions on expenditures.

##### **Supper table fund (internally restricted):**

The supper table fund provides meals to the needy.

##### **Refugee fund (internally restricted):**

The refugee fund is used to assist refugees in establishing a new life in Ottawa.

##### **Bequests fund (internally restricted):**

The bequests fund is to be used as an endowment fund, with only the interest being spent, for general purposes. The parish council may authorize the use of the bequests fund to support capital projects in extraordinary circumstances.



# ST. JOSEPH'S PARISH

## Notes To The Financial Statements

For The Year Ended December 31, 2014

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### 2. Summary of significant accounting policies (cont'd):

#### a) Fund accounting (cont'd):

##### David Wink fund (internally restricted):

The David Wink fund is to be used for the future renovation of the church.

The internally restricted funds are not available for unrestricted purposes without approval of the parish council.

#### b) Cash and equivalents:

Cash and equivalents is comprised of cash on hand, cash in bank, undeposited funds and term deposits, net of any cheques issued and outstanding at the statement of financial position date.

#### c) Property, plant and equipment:

Property, plant and equipment is recorded at cost and amortized on a straight-line basis using the following annual rates:

Computer equipment	3 years
Website	3 years
Furniture and equipment	5 years
Furniture and equipment under capital lease	5 years
Building renovations	10 - 20 years

#### d) Revenue recognition:

Restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable. Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable.

Rental revenue is recognized when the terms of the contract have been fulfilled. Any deposits are deferred and recognized when the contract has been fulfilled.

#### e) Imputed interest:

Imputed interest is amortized over the term of the lease.

#### f) Allocated expenses:

The parish has allocated several operating expenses from the general fund to the women's centre fund and the supper table fund based on their proportionate usage.

#### g) Donated equipment, materials and services:

Donated equipment and materials are recorded at fair market value. The value of donated services cannot be reasonably estimated, therefore, no representation of these costs are reflected in the financial statements

# ST. JOSEPH'S PARISH

## Notes To The Financial Statements

For The Year Ended December 31, 2014

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### 2. Summary of significant accounting policies (cont'd):

#### h) Financial instruments:

##### Measurement:

The parish initially measures its financial instruments at fair values, except for certain non-arm's length transactions. Subsequently, all equity instruments that are quoted in an active market are measured at fair value, and all other financial instruments are recorded at cost or amortized cost.

##### Impairment:

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. Previously recognized losses may be reversed to the extent of the improvement but not in excess of the impairment loss. Any impairment of financial assets or subsequent reversal of impairments of financial assets is recorded in the period in which the impairment or subsequent reversal of impairment is determined.

##### Transaction costs:

Transaction costs are recognized in income in the period incurred, except for financial instruments that will be subsequently measured at amortized cost.

#### i) 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 amounts reported in the financial statements and accompanying notes. While management believes that the estimates used in preparing its financial statements are reasonable and prudent, actual results could differ from these estimates.

### 3. Risk management:

#### a) Capital risk management:

The parish considers its capital to be the balance maintained in its unrestricted net assets. The primary objective of the parish is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the parish council with the objective of minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The parish is subject to externally imposed requirements of its capital in relation to the St. Joseph's women's centre fund grant received from the City of Ottawa that requires that the money received be spent only on women's centre activities.

# ST. JOSEPH'S PARISH

## Notes To The Financial Statements

For The Year Ended December 31, 2014

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### 3. Risk management (cont'd):

#### b) Financial instrument risk management:

##### Credit risk:

The parish is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The maximum exposure to credit risk is the carrying value of accounts receivable on the balance sheet. Accounts receivable are non-interest bearing and are generally due within 30 to 60 days.

##### Liquidity risk:

Liquidity risk is the risk that the parish will not be able to meet its obligations on a timely basis or at a reasonable cost. The parish's exposure to liquidity risk is dependent on the collection of accounts receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations.

##### Interest rate risk:

The parish's interest bearing assets and liabilities include term deposits and a capital lease. The parish has fixed interest rates on the term deposits and the capital lease payable. Consequently, the exposure to fluctuations in the future cash flows with respect to these instruments, as a result of changes in market interest rates, is limited.

##### Market risk:

The parish is exposed to market risk as a result of its investments. 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. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. The parish's investments are primarily concentrated in Canada limiting the market risk associated with fluctuations in foreign currency.

In addition, the Parish has no material exposure to currency risk or other price risk.

Management is of the opinion that there have been no changes in the above risk exposures from 2013.

### 4. Investments comprise the following:

	2014		2013	
	Market Value	Cost	Market Value	Cost
Canadian equities	\$ 22,334	\$ 15,998	\$ 19,426	\$ 15,998

Investments are managed by investment managers who are under the direction of the parish council.

Equity securities consist of common shares of publicly traded corporations.

# ST. JOSEPH'S PARISH

## Notes To The Financial Statements

For The Year Ended December 31, 2014

### 5. Property, plant and equipment comprises the following:

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 45,059	\$ 44,754	\$ 305	\$ 978
Website	2,404	2,404	-	-
Furniture and equipment	153,169	135,970	17,199	31,790
Furniture and equipment under capital lease	30,000	12,000	18,000	24,000
Furniture and equipment healing centre	2,414	1,977	437	920
Furniture and equipment supper table	27,090	24,870	2,220	2,960
Building renovations - parish hall and HVAC	312,918	21,416	291,502	26,220
Building renovations - supper table	154,791	91,215	63,576	78,535
Building renovations - women's centre	23,766	7,572	16,194	18,571
	<b>\$ 751,611</b>	<b>\$ 342,178</b>	<b>\$ 409,433</b>	<b>\$ 183,974</b>

During the year, property, plant and equipment was acquired at an aggregate cost of \$283,385 (2013 - \$56,965) of which \$Nil (2013 - \$30,000) was acquired by means of a capital lease. Cash payments of \$283,385 (2013 - \$26,965) were made to purchase the assets.

During the year, \$6,000 (2013 - \$6,000) of amortization was expensed on property, plant and equipment under capital lease.

### 6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2013 - \$Nil).

### 7. Capital lease payable comprises the following:

	2014	2013
9.66% capital lease payable in quarterly blended instalments of \$2,169, due February 2017, secured by equipment, with a net book value of \$18,000 (2013- \$24,000)	\$ 18,852	\$ 27,528
Less imputed interest	2,005	4,039
	<b>16,847</b>	<b>23,489</b>
Less current portion	7,308	6,643
	<b>\$ 9,539</b>	<b>\$ 16,846</b>

# ST. JOSEPH'S PARISH

## Notes To The Financial Statements

For The Year Ended December 31, 2014

### 7. Capital lease payable (cont'd):

The parish has future repayments as follows:

2015	\$	8,676
2016		8,676
2017		1,500
		<u>18,852</u>
Less imputed interest		<u>2,005</u>
	\$	<u>16,847</u>

### 8. Invested in property, plant and equipment comprises the following:

	2014	2013
Property, plant and equipment (note 5)	\$ 409,433	\$ 183,974
Capital lease payable (note 7)	(16,847)	(23,489)
	<u>\$ 392,586</u>	<u>\$ 160,485</u>

### 9. Government assistance:

Included as part of Government contributions, the parish received government assistance of \$324,749 (2013 - \$319,852) during the year, through the Oblates of Mary Immaculate St. Peter's Province, from the City of Ottawa to assist in the operations of the women's centre. Details of the women's centre financial activities are as follows:

	2014 Budget	2014 Actual	2013 Actual
<b>Revenues</b>			
Fundraising	\$ 50,000	\$ 50,564	\$ 75,926
Government contributions	325,000	329,827	319,852
Investment income	1,000	267	-
Private contributions	103,000	92,568	132,382
	<u>479,000</u>	<u>473,226</u>	<u>528,160</u>
<b>Expenses</b>			
Administration	10,200	19,620	22,123
Bank charges and interest	1,000	930	1,353
Food	26,000	15,671	14,361
Fundraising	15,000	25,584	23,683
Hospitality and aid	1,500	589	1,016
Insurance	12,040	11,088	11,226
Interest on long-term debt	-	407	707
Printing	1,300	848	2,163
Professional fees	4,140	4,095	4,320
Programs and services	37,000	29,381	38,425
Rent	42,560	42,560	42,560
Repairs and maintenance	6,500	4,745	9,549
Salaries and benefits	253,074	271,910	281,845
Utilities and taxes	29,275	28,567	34,996
	<u>439,589</u>	<u>455,995</u>	<u>488,327</u>
Excess of revenue over expenses for the year	\$ 39,411	\$ 17,231	\$ 39,833

# **ST. JOSEPH'S PARISH**

## **Notes To The Financial Statements**

**For The Year Ended December 31, 2014**

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### **9. Government assistance (cont'd):**

Budgeted information is presented for information purposes only and has not been audited.

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