

Reception House - Waterloo Region Inc.
Financial Statements
For the Year Ended March 31, 2021

Reception House - Waterloo Region Inc.
Financial Statements
For the Year Ended March 31, 2021

Contents

Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14



Tel: 519-576-5220
Fax: 519-576-5471
Toll-free: 1-888-236-5482
www.bdo.ca

BDO Canada LLP
150 Caroline Street S Suite 201
Waterloo ON N2L 0A5 Canada

Independent Auditor's Report

To the board of directors of
Reception House - Waterloo Region Inc.

Qualified Opinion

We have audited the financial statements of Reception House - Waterloo Region Inc. (the Organization), which comprise the statement of financial position as at March 31, 2021, 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 matters 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 March 31, 2021, and its financial performance 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 not-for-profit organizations, the Organization derives revenue from donations, membership, and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were unable to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at March 31, 2021 and 2020. The audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

As described in Note 1 of the financial statements, the Organization does not follow Canadian accounting standards for not-for-profit organizations with respect to the recording of capital assets funded by Immigration, Refugees and Citizenship Canada (IRCC). We are unable to determine whether any adjustments might be necessary to conform to Canadian accounting standards for not-for-profit organizations on assets, excess of revenue over expenses, and net assets for the year ended March 31, 2021 and March 31, 2020 due to 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 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 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.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
August 5th, 2021

Reception House - Waterloo Region Inc.
Statement of Financial Position

March 31 2021 2020

Assets

Current

Cash - Unrestricted (Note 2)	\$ 1,107,497	\$ 221,310
Cash - Internally Restricted (Note 2)	133,250	145,618
Short-term investments (Note 3)	260,297	256,635
Funding receivable	53,280	57,245
HST recoverable	29,336	31,078
Other receivables	4,690	12,066
Prepaid expenses	33,719	19,203
Assets held for sale	-	413,512
	\$ 1,622,069	\$ 1,156,667

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 4)	\$ 248,427	\$ 89,802
Deferred contribution (Note 5)	442,932	259,185
	691,359	348,987

Net Assets

Net Investment in Capital Assets & Assets held for sale	-	413,512
Internally Restricted	207,345	207,345
General fund	723,365	186,823
	930,710	807,680
	\$ 1,622,069	\$ 1,156,667

On behalf of the Board:

_____ Director

_____ Director

Reception House - Waterloo Region Inc.
Statement of Changes in Net Assets

For the year ended March 31	Net Investment in Capital Assets & Assets held for sale	Internally Restricted	General Fund	2021 Total	2020 Total
Balance, beginning of the year	\$ 413,512	\$ 207,345	\$ 186,823	\$ 807,680	\$ 745,737
Excess of revenues over expenses	31,488	-	91,542	123,030	61,943
Fund transfer	(445,000)	-	445,000	-	-
Balance, end of the year	\$ -	\$ 207,345	\$ 723,365	\$ 930,710	\$ 807,680

The accompanying notes are an integral part of these financial statements.

Reception House - Waterloo Region Inc. Statement of Operations

For the year ended March 31	2021	2020
Revenue		
Immigration, Refugees and Citizenship Canada (IRCC)	\$ 2,225,563	\$ 2,540,082
Ontario Trillium Foundation	89,100	163,800
Grants	260,107	168,761
Donation, membership, and fundraising	321,856	238,202
Rental revenue	6,284	11,000
Investment income	7,019	8,566
Gain on disposal of capital assets	31,488	-
	2,941,417	3,130,411
Expenses		
Commercial accommodations	68,532	207,768
Contractors	207,931	232,113
HST expense	19,888	20,748
Household items	11,678	19,718
Interest and bank charges	1,941	425
Meals and incidentals	46,397	220,579
Office and administration	90,059	59,050
Professional Fees	17,785	20,768
Program disbursements	169,435	87,375
Rent	186,171	196,279
Rental property	9,831	840
Repairs and maintenance	22,896	39,742
Salaries and benefits	1,839,747	1,858,072
Staff training and travel	37,782	34,235
Telephone	29,277	23,192
Translation	41,060	12,700
Transportation	9,981	17,760
Utilities	7,996	17,104
	2,818,387	3,068,468
Excess of revenues over expenses	\$ 123,030	\$ 61,943

The accompanying notes are an integral part of these financial statements.

Reception House - Waterloo Region Inc.
Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 123,030	\$ 61,943
Items not affecting cash:		
Gain on disposal of capital assets	(31,488)	-
Unrealized investment gain (loss)	(3,662)	-
	87,880	61,943
Changes in non-cash working capital:		
Funding receivable	3,965	125,169
HST recoverable	1,742	(8,690)
Other receivables	7,376	(9,439)
Prepaid expenses	(14,516)	(9,203)
Accounts payable and accrued liabilities	158,625	(152,148)
Deferred contributions	183,747	153,641
	428,819	161,273
Cash flows from investing activities		
Purchase of short-term investments	-	(256,635)
Proceeds from short-term investments	-	127,243
Proceeds from sale of assets	445,000	-
	445,000	(129,392)
Net increase in cash	873,819	31,881
Cash, beginning of the year	366,928	335,047
Cash, end of the year	\$ 1,240,747	\$ 366,928
Represented by:		
Cash - Unrestricted	\$ 1,107,497	\$ 221,310
Cash - Internally Restricted	133,250	145,618
	\$ 1,240,747	\$ 366,928

The accompanying notes are an integral part of these financial statements.

Reception House - Waterloo Region Inc.

Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The Organization is a non-profit organization incorporated without share capital on October 9, 2009. The organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act. The Organization provides support to Government Assisted Refugees (GARs) throughout the first year of their settlement process in the Region of Waterloo. The support is provided through programs that provide assistance with adjusting and transitioning to life in a new country and with settling into their new community.</p> <p>The Client Support Services is a case management type of support for clients to provide them with the knowledge necessary to improve their quality of life in Canada. The costs of the Client Support Services is primarily funded by Immigration, Refugees and Citizenship Canada (IRCC) under the Immigrant Settlement and Adaptation Program (ISAP).</p> <p>The Resettlement Assistance Program provides certain refugees to Canada with temporary accomodation. The costs of the Reception Centre are primarily funded by Immigration, Refugees and Citizenship Canada (IRCC) under the Resettlement Assistance Program (RAP).</p> <p>The Working Together Employment Project, funded by Immigration, Refugees and Citizenship Canada (IRCC), is designed to enable Government Assisted Refugees (GARs) to successfully obtain and retain employment.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Fund Accounting	<p>The Organization follows the principles of fund accounting.</p> <p>Revenues and expenses related to program delivery and administrative activities are reported in the General Fund.</p> <p>Revenues and expenses related to the organization's tangible capital assets are reported in the Net Investment in Capital Asset Fund.</p> <p>The unspent portion of donations and memberships received by the organization makes up the Internally Restricted Fund. The balance of this fund is to be used at the discretion of the Board of Directors.</p>

Reception House - Waterloo Region Inc. Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued)

Revenue Recognition	<p>The Organization follows the deferral method of accounting for contributions.</p> <p>Government grants are recognized as revenue in the period in which the funded services are provided.</p> <p>Grant income is recognized as revenue in the period the related expenses are incurred.</p> <p>Donations, memberships and fundraising are recognized as revenue when received or receivable if the amount to be received can be reasonably assured. Donations in kind are recognized at the fair market value when the goods are received.</p> <p>Interest, rental and other income are recognized as revenue in the period they are earned.</p>
Tangible Capital Assets	<p>Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Amortization of the building is provided on a straight-line basis over 40 years, the estimated useful life of the asset.</p> <p>Capital assets funded by Immigration, Refugees and Citizenship Canada are expensed in the current period in order to reflect total expenditures each year consistent with the Immigration, Refugees and Citizenship Canada reporting.</p> <p>When a tangible capital asset no longer contributes to an Organization's ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.</p>
Contributed Services	<p>Volunteers contribute many hours per year to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>

Reception House - Waterloo Region Inc.
Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued)

Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. Financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.
Use of Estimates	The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The organization uses estimates for amortization of capital assets over their useful lives, amortization of capital grants received on the same basis as the underlying capital assets, and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Reception House - Waterloo Region Inc.
Notes to Financial Statements

March 31, 2021

2. Cash

The organization's bank accounts are held with one credit union and two chartered banks, and earn interest at a nominal rate.

3. Short-term investments

The carrying amounts of short-term investments are comprised of the following:

	<u>2021</u>	<u>2020</u>
Guaranteed Investment Certificate, bearing interest at 0.70%, due April 2021	\$ 104,615	\$ 103,754
Guaranteed Investment Certificate, bearing interest at 1.50%, due August 2021	103,197	101,428
Guaranteed Investment Certificate, bearing interest at 1.00%, due Sept 2021	26,347	25,925
Guaranteed Investment Certificate, bearing interest at 0.90%, due Nov 2021	25,669	25,214
Member Shares of Credit Unions	469	314
	<u>\$ 260,297</u>	<u>\$ 256,635</u>

4. Accounts payable and accrued liabilities

	<u>2021</u>	<u>2020</u>
Trade payables	\$ 128,687	\$ 38,317
Accrued liabilities	119,740	51,485
	<u>\$ 248,427</u>	<u>\$ 89,802</u>

Reception House - Waterloo Region Inc.
Notes to Financial Statements

March 31, 2021

5. Deferred Contributions

Deferred contributions represent unspent contributions and grants received in the current period that are related to service and program expenses of a subsequent period. Changes in the deferred contributions balance are as follows:

	Government Funding	Grants	2021 Total	2020 Total
Opening Balance	\$ 144,936	\$ 114,249	\$ 259,185	\$ 105,544
Add: Restricted amounts received	2,350,927	432,040	2,782,967	3,026,285
Less: Amounts recognized in revenue	(2,314,663)	(284,557)	(2,599,220)	(2,872,644)
Ending balance	<u>\$ 181,200</u>	<u>\$ 261,732</u>	<u>\$ 442,932</u>	<u>\$ 259,185</u>

6. Economic Dependence

Approximately 76% (2020 - 81%) of revenue reported in the year was received from Immigration, Refugees and Citizenship Canada (IRCC).

7. Commitments

The organization has entered into lease agreements to rent its premises. The agreements have the following minimum lease payments over the next five years:

2022	\$ 253,950
2023	283,200
2024	85,200
2025	67,200
2026	<u>67,200</u>
	<u>\$ 537,150</u>

Reception House - Waterloo Region Inc. Notes to Financial Statements

March 31, 2021

8. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its funding receivables. The majority of the Organization's receivables are from government sources and the Organization works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Organization is exposed to this risk mainly in respect of its accounts payable.

The Organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Organization maintains a portion of its invested assets in liquid securities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk while the floating rate instruments subject it to a cash flow risk.

The Organization mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

The impact of COVID-19 may have an impact on the above noted risks. See Note 9 for further details.

Reception House - Waterloo Region Inc.
Notes to Financial Statements

March 31, 2021

9. Uncertainty due to COVID-19

During the year, the impact of COVID-19 in Canada and on the global economy increased significantly. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, industry, and workforce.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.
