

RECEPTION HOUSE - WATERLOO REGION INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the members 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, 2024, 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 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 Reception House - Waterloo Region Inc. as at March 31, 2024, and its financial performance 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, the organization derives revenues from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of the donations and fundraising revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets, fund balances and cash flows.

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 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.

Other Matter

The financial statements of the organization for the year ended March 31, 2023, were audited by another firm of Chartered Professional Accountants who expressed a modified opinion for the same reasons as this current year qualification on July 28, 2023.

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.

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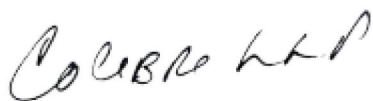
Auditor's Responsibilities for the Audit of the Financial Statements

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.



CALIBRE LLP


Chartered Professional Accountants
Licensed Public Accountants

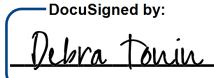
Guelph, Ontario
June 21, 2024

RECEPTION HOUSE - WATERLOO REGION INC.**STATEMENT OF FINANCIAL POSITION****MARCH 31, 2024**

	2024	2023
ASSETS		
CURRENT		
Cash - unrestricted	\$ 1,063,752	\$ 796,071
Cash - internally restricted	6,056	6,053
Investments (note 2)	2,659,996	1,495,026
Funding receivable	90,321	438,139
Government remittances recoverable	207,056	205,715
Other receivables	500	15,121
Prepaid expenses	<u>-</u>	<u>5,600</u>
	4,027,681	2,961,725
INVESTMENTS (note 2)	<u>309,977</u>	<u>241,249</u>
	<u>\$ 4,337,658</u>	<u>\$ 3,202,974</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 588,737	\$ 487,390
Deferred contributions (note 3)	<u>314,956</u>	<u>272,313</u>
	<u>903,693</u>	<u>759,703</u>
COMMITMENTS (note 4)		
NET ASSETS		
INTERNALLY RESTRICTED	263,096	246,336
GENERAL FUND	<u>3,170,869</u>	<u>2,196,935</u>
	<u>3,433,965</u>	<u>2,443,271</u>
	<u>\$ 4,337,658</u>	<u>\$ 3,202,974</u>

APPROVED ON BEHALF OF THE BOARD:

DocuSigned by:

 _____ Director
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 _____ Director
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(See accompanying notes to financial statements)

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RECEPTION HOUSE - WATERLOO REGION INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

	Internally Restricted	General Fund	2024 Total	2023 Total
NET ASSETS , beginning	\$ 246,336	\$ 2,196,935	\$ 2,443,271	\$ 1,610,686
EXCESS OF REVENUES OVER EXPENSES	-	990,694	990,694	832,585
TRANSFERS (note 5)	<u>16,760</u>	<u>(16,760)</u>	<u>-</u>	<u>-</u>
NET ASSETS , ending	<u>\$ 263,096</u>	<u>\$ 3,170,869</u>	<u>\$ 3,433,965</u>	<u>\$ 2,443,271</u>

(See accompanying notes to financial statements)

RECEPTION HOUSE - WATERLOO REGION INC.**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED MARCH 31, 2024**

	2024	2023
REVENUES		
Donations and fundraising	\$ 627,373	\$ 1,279,565
Grants	42,604	383,507
Immigration, Refugees and Citizenship Canada (IRCC)	8,298,629	5,824,903
Ontario Trillium Foundation	<u>61,362</u>	<u>14,303</u>
	<u>9,029,968</u>	<u>7,502,278</u>
EXPENSES		
Bad debts	13,216	43,966
Commercial accommodations	2,963,417	1,959,029
Contractors	350,197	125,478
Household items	54,892	57,011
HST expense	186,033	145,002
Interest and bank charges	4,472	4,469
Meals and incidentals	1,244,219	1,390,789
Office and administration	47,640	62,495
Professional fees	131,311	119,587
Program disbursements	73,918	153,374
Rent	169,835	274,094
Repairs and maintenance	27,415	26,999
Salaries and benefits	2,763,265	2,314,042
Staff training and travel	87,064	47,585
Telephone	41,747	27,617
Translation	20,446	14,466
Transportation	45,331	53,014
Utilities	<u>1,764</u>	<u>15,377</u>
	<u>8,226,182</u>	<u>6,834,394</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING	803,786	667,884
(LOSS) GAIN ON FOREIGN EXCHANGE	(2,329)	7,077
INVESTMENT INCOME	186,187	74,417
OTHER INCOME	<u>3,050</u>	<u>83,207</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 990,694</u>	<u>\$ 832,585</u>

(See accompanying notes to financial statements)

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RECEPTION HOUSE - WATERLOO REGION INC.**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2024**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 990,694	\$ 832,585
Charges to excess of revenues over expenses not requiring cash:		
Accrued investment income	<u>(99,541)</u>	<u>(38,992)</u>
	891,153	793,593
CHANGES IN NON-CASH WORKING CAPITAL		
Decrease in funding receivable	347,818	592,468
Increase in government remittances recoverable	(1,341)	(107,882)
Decrease (increase) in other receivables	14,621	(6,463)
Decrease (increase) in prepaid expenses	5,600	(5,600)
Increase in accounts payable and accrued liabilities	101,347	303,497
Increase (decrease) in deferred contributions	<u>42,643</u>	<u>(82,753)</u>
Cash from operating activities	<u>1,401,841</u>	<u>1,486,860</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,193,856)	(1,696,746)
Proceeds from investments	<u>59,699</u>	<u>25,945</u>
Cash used in investing activities	<u>(1,134,157)</u>	<u>(1,670,801)</u>
INCREASE (DECREASE) IN CASH	267,684	(183,941)
CASH, beginning	<u>802,124</u>	<u>986,065</u>
CASH, ending	<u>\$ 1,069,808</u>	<u>\$ 802,124</u>
REPRESENTED BY:		
Cash - unrestricted	\$ 1,063,752	\$ 796,071
Cash - internally restricted	<u>6,056</u>	<u>6,053</u>
	<u>\$ 1,069,808</u>	<u>\$ 802,124</u>

(See accompanying notes to financial statements)

RECEPTION HOUSE - WATERLOO REGION INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

Reception House - Waterloo Region Inc. is a not-for-profit organization that 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.

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).

The Resettlement Assistance Program provides certain refugees to Canada with temporary accommodation. The costs of the Reception Centre are primarily funded by the IRCC under the Resettlement Assistance Program (RAP).

The Working Together Employment Project, funded by the IRCC, is designed to enable GARs to successfully obtain and retain employment.

The organization is a registered charity under the Income Tax Act and is exempt from tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

(a) Fund accounting

The organization utilizes the principals of fund accounting.

Revenues and expenses related to program delivery and administrative activities are reported in the General Fund.

The internally restricted fund reports the activity related to four reserves:

- Operating Reserve – to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.
- Building and Capital Assets Reserve – to provide a ready source of funds for repair or acquisition of buildings, leaseholds, furniture, fixtures, and equipment necessary for the effective operation of the organization and programs.
- Opportunity Reserve – to provide funds to meet special targets of opportunity or need that further the mission of the organization which may or may not have specific expectation of incremental or long-term increased income. The Opportunity Reserve is also intended as a source of internal funds for organizational capacity building such as staff development, research and development, or investment in infrastructure that will build long-term capacity.
- Board-Designated Reserve – to be used as a contingency fund in the event of a catastrophic collapse of the organization.

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RECEPTION HOUSE - WATERLOO REGION INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(b) Cash

Cash includes deposits at financial institutions net of outstanding cheques and deposits.

(c) Investments

Investments in guaranteed investment certificates are recorded at fair market value.

(d) Revenue recognition

The organization follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Restricted contributions where expenses have not been incurred are recorded as deferred contributions. Unrestricted contributions are recognized as revenue or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The organization recognizes investment income on the accrual basis and all realized and unrealized gains (losses) on investments are recognized as revenue (expense) in the year they occur.

(e) Contributed services

The organization derives a benefit from directors and volunteers. Since these activities are not normally purchased by the organization and due to the difficulty of determining their fair value, the value of these services is not recognized in the financial statements.

(f) Financial instruments

The organization initially measures its financial assets and liabilities at fair value except for certain non-arm's length transactions. 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. Financial assets measured at amortized cost include cash, funding receivable and other receivables. Financial liabilities measured at amortized cost include accounts payable.

(g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the organization's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. There are no material estimates embodied in these financial statements.

RECEPTION HOUSE - WATERLOO REGION INC.**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2024****2. INVESTMENTS**

	2024	2023
Guaranteed Investment Certificates bearing interest between 4.32% and 5.50% with due dates between August 2024 and September 2024.	\$ 2,659,996	\$ 1,495,026
Guaranteed Investment Certificates bearing interest between 5.43% and 5.45% with due dates in August 2025.	<u>309,977</u>	<u>241,249</u>
	<u>\$ 2,969,973</u>	<u>\$ 1,736,275</u>

3. DEFERRED CONTRIBUTIONS

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

	2024 Donations	2024 Grants	2024 Ontario Trillium Foundation	2024 Total	2023 Total
Opening balance	\$ 272,313	-	-	\$ 272,313	\$ 355,067
Add: restricted amounts received	8,229	\$ 127,152	\$ 65,163	200,544	6,139,960
Less: amounts recognized in revenue	<u>(53,935)</u>	<u>(42,604)</u>	<u>(61,362)</u>	<u>(157,901)</u>	<u>(6,222,714)</u>
Ending balance	<u>\$ 226,607</u>	<u>\$ 84,548</u>	<u>\$ 3,801</u>	<u>\$ 314,956</u>	<u>\$ 272,313</u>

4. COMMITMENTS

The organization has entered into lease agreements to rent its premises. Future minimum lease payments are as follows:

2025 \$ 12,500

5. INTERNALLY RESTRICTED FUND

Investment income earned on certain investments were transferred to the board-designated reserve in the organization's internally restricted fund.

The entire internally restricted fund is represented by the board-designated reserve.

6. ECONOMIC DEPENDENCE

Approximately 89% (2023 - 76%) of revenue reported in the year was received from the Immigration, Refugees and Citizenship Canada (IRCC).

RECEPTION HOUSE - WATERLOO REGION INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

7. FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk is the risk that other parties may default on their financial obligations.

The organization is exposed to credit risk on its cash, investments, funding receivable and other receivable balances.

Credit risk associated with cash and investments is minimized substantially by ensuring that the assets are invested with a major financial institution.

Credit risk associated with funding receivable and other receivables is minimized by ensuring that receivables are extended to reputable organizations or individuals.

The extent of the organization's exposure to credit risk did not change in 2024.

(b) Liquidity risk

Liquidity risk refers to the risk that the organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the organization not being able to liquidate assets in a timely manner at a reasonable price.

The organization meets its liquidity requirements by monitoring cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

The extent of the organization's exposure to liquidity risk did not change in 2024.

(c) Currency risk

Currency risk refers to the risk that the fair value of financial instruments will fluctuate in value relative to the Canadian dollar due to changes in foreign exchange rates.

The extent of the organization's exposure to currency risk did not change in 2024.

(d) Interest rate risk

Interest rate risk refers to the risk that the fair value of the financial instruments will fluctuate due to changes in market interest rates.

The organization is not exposed to significant interest rate risk.

The extent of the organization's exposure to interest rate risk did not change in 2024.

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RECEPTION HOUSE - WATERLOO REGION INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

7. FINANCIAL INSTRUMENT RISKS - continued

(e) Other price risk

Other price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market.

The organization is not exposed to significant other price risk.

The extent of the organization's exposure to other price risk did not change in 2024.

(f) Market risk

Market risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The organization is not exposed to significant market risk, other than as described above.

The extent of the organization's exposure to market risk did not change in 2024.

8. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the presentation adopted in the current year.

9. SUBSEQUENT EVENT

Subsequent to year end, the organization entered into a property rent agreement which commences on September 1, 2024 and matures on August 31, 2029. The annual rent expense for the first year amounts to \$253,000.