

Reception House - Waterloo Region Inc.
Financial Statements
For the Year Ended March 31, 2023

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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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at March 31, 2023 and 2022. The audit opinion on the financial statements for the year ended March 31, 2022 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, 2023 and March 31, 2022 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
July 28, 2023

Reception House - Waterloo Region Inc. Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash - Unrestricted (Note 2)	\$ 796,071	\$ 789,467
Cash - Internally restricted (Note 2)	6,053	196,598
Short-term investments (Note 3)	1,495,026	26,482
Funding receivable	438,139	1,030,607
HST recoverable	205,715	97,833
Other receivables	15,121	8,658
Prepaid expenses	5,600	-
	2,961,725	2,149,645
Long-term investments (Note 4)	241,249	-
	\$ 3,202,974	\$ 2,149,645
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 487,390	\$ 183,892
Deferred contributions (Note 6)	272,313	355,067
	759,703	538,959
Net Assets		
Internally restricted	246,336	207,345
General fund	2,196,935	1,403,341
	2,443,271	1,610,686
	\$ 3,202,974	\$ 2,149,645

On behalf of the Board:

_____ Director

_____ Director

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

For the year ended March 31	Internally Restricted	General Fund	2023 Total	2022 Total
Balance, beginning of the year	\$ 207,345	\$1,403,341	\$ 1,610,686	\$ 930,710
Excess of revenues over expenses	-	832,585	832,585	679,976
Fund transfer (Note 7)	38,991	(38,991)	-	-
Balance, end of the year	\$ 246,336	\$2,196,935	\$ 2,443,271	\$ 1,610,686

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	2023	2022
Revenue		
Immigration, Refugees and Citizenship Canada (IRCC)	\$ 5,824,903	\$ 3,548,716
Ontario Trillium Foundation	14,303	248,100
Grants	383,507	318,653
Donation, membership, and fundraising	1,279,565	969,686
Rental revenue	-	451
Investment income	74,417	3,037
Other income	83,207	-
Gain on foreign exchange	7,077	-
	7,666,979	5,088,643
Expenses		
Bad debt expense	43,966	-
Commercial accommodations	1,959,029	864,964
Contractors	125,478	146,260
HST expense	145,002	58,766
Household items	57,011	40,698
Interest and bank charges	4,469	1,957
Meals and incidentals	1,390,789	438,576
Office and administration	62,495	76,440
Professional fees	119,587	36,170
Program disbursements	153,374	81,517
Rent	274,094	246,617
Repairs and maintenance	26,999	14,021
Salaries and benefits	2,314,042	2,231,139
Staff training and travel	47,585	45,906
Telephone	27,617	32,321
Translation	14,466	17,928
Transportation	53,014	61,722
Utilities	15,377	13,665
	6,834,394	4,408,667
Excess of revenues over expenses	\$ 832,585	\$ 679,976

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	2023	2022
Cash flows from operating activities		
Excess of revenues over expenses	\$ 832,585	\$ 679,976
Items not affecting cash:		
Unrealized investment gain	(38,992)	-
	793,593	679,976
Changes in non-cash working capital:		
Funding receivable	592,468	(977,327)
HST recoverable	(107,882)	(68,497)
Other receivables	(6,463)	(3,968)
Prepaid expenses	(5,600)	33,719
Accounts payable and accrued liabilities	303,497	(64,535)
Deferred contributions	(82,753)	(87,865)
	1,486,860	(488,497)
Cash flows from investing activities		
Purchase of short-term investments	(1,461,746)	(197)
Proceeds from short-term investments	25,945	234,012
Purchase of long-term investments	(235,000)	-
	(1,670,801)	233,815
Net decrease in cash	(183,941)	(254,682)
Cash, beginning of the year	986,065	1,240,747
Cash, end of the year	\$ 802,124	\$ 986,065
Represented by:		
Cash - Unrestricted	\$ 796,071	\$ 789,467
Cash - Internally restricted	6,053	196,598
	\$ 802,124	\$ 986,065

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

Reception House - Waterloo Region Inc.

Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies

Nature and Purpose of Organization

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.

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 Immigration, Refugees and Citizenship Canada (IRCC) under the Resettlement Assistance Program (RAP).

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.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Organization follows the principles of fund accounting.

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

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.

Reception House - Waterloo Region Inc. Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Revenue Recognition	<p>The Organization follows the deferral method of accounting for contributions.</p> <p>Restricted contributions are recognized as revenue of the appropriate fund in the period in which the related expenses are incurred.</p> <p>Unrestricted contributions are recognized as revenue of the appropriate fund 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>
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>
Financial Instruments	<p>Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. 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. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, 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, and the amount of the reversal is recognized in net income.</p>
Use of Estimates	<p>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 accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>

Reception House - Waterloo Region Inc. Notes to Financial Statements

March 31, 2023

2. Cash

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

The organization has a business credit card with a limit of \$100,000 at a chartered bank.

3. Short-term investments

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

	2023	2022
Guaranteed Investment Certificate, bearing interest at 3.85%, due September 2023	216,973	-
Guaranteed Investment Certificate, bearing interest at 3.00%, due August 2023	611,047	-
Guaranteed Investment Certificate, bearing interest at 4.18%, due August 2023	102,565	-
Guaranteed Investment Certificate, bearing interest at 4.17%, due August 2023	102,559	-
Guaranteed Investment Certificate, bearing interest at 4.17%, due August 2023	102,559	-
Guaranteed Investment Certificate, bearing interest at 4.18%, due August 2023	102,565	-
Guaranteed Investment Certificate, bearing interest at 4.15%, due August 2023	102,547	-
Guaranteed Investment Certificate, bearing interest at 4.16%, due August 2023	102,553	-
Guaranteed Investment Certificate, bearing interest at 3.30%, due August 2023	\$ 51,086	-
Guaranteed Investment Certificates, bearing interest at 0.45%, that matured during the year.	-	25,816
Member Shares of Credit Unions	572	666
	\$ 1,495,026	\$ 26,482

Reception House - Waterloo Region Inc.
Notes to Financial Statements

March 31, 2023

4. Long-term investments

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

	<u>2023</u>	<u>2022</u>
Guaranteed Investment Certificate, bearing interest at 4.32%, due August 2024	102,651	-
Guaranteed Investment Certificate, bearing interest at 4.32%, due August 2024	35,928	-
Guaranteed Investment Certificate, bearing interest at 4.35%, due August 2024	102,670	-
	<u>\$ 241,249</u>	<u>\$ -</u>

5. Accounts payable and accrued liabilities

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 392,570	\$ 118,477
Accrued liabilities	94,820	65,415
	<u>\$ 487,390</u>	<u>\$ 183,892</u>

Included in accrued liabilities are government remittances payable of \$11,167 (2022 - \$8,356).

Reception House - Waterloo Region Inc. Notes to Financial Statements

March 31, 2023

6. 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	2023 Total	2022 Total
Opening Balance	\$ 48,109	\$ 306,958	\$ 355,067	\$ 442,932
Add: Restricted amounts received	5,819,475	320,485	6,139,960	3,998,206
Less: Amounts recognized in revenue	(5,839,207)	(383,507)	(6,222,714)	(4,086,071)
Ending balance	\$ 28,377	\$ 243,936	\$ 272,313	\$ 355,067

7. Interfund Transfers

Investment income earned on the short-term investments and long-term investments were transferred to the Internally Restricted Fund. During the year, the Board of Directors authorized the transfer of funds in the amount of \$38,991 from the General Fund to the Internally Restricted Fund.

8. Economic Dependence

Approximately 76% (2022 - 70%) of revenue reported in the year was received from Immigration, Refugees and Citizenship Canada (IRCC).

9. Commitments

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

2024	85,200
2025	67,200
2026	67,200
	\$ 219,600

Reception House - Waterloo Region Inc. Notes to Financial Statements

March 31, 2023

10. 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 is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its funding and other 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 and accrued liabilities.

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. There have not been any changes in the risk from the prior year.

There have not been any changes in the risk from the prior year.
