

**REGENERATION OUTREACH COMMUNITY**

**Financial Statements**

**December 31, 2020**

**REGENERATION OUTREACH COMMUNITY**

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**Year Ended December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Regeneration Outreach Community

### *Opinion*

We have audited the financial statements of Regeneration Outreach Community (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

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

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Independent Auditor's Report to the Members of Regeneration Outreach Community *(continued)*

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.

*Hogg, Shain & Scheck PC*

Toronto, Ontario  
May 19, 2021

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

# REGENERATION OUTREACH COMMUNITY

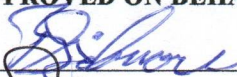

## Statement of Financial Position

As at December 31, 2020

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 8)	\$ 467,191	\$ 29,343
Accounts receivable	33,434	44,218
Harmonized Sales Tax recoverable	24,246	10,498
Prepaid expenses	5,214	18,921
	<u>530,085</u>	102,980
<b>INVESTMENT</b> (Notes 3 and 8)	136,057	152,639
<b>CAPITAL ASSETS</b> (Note 4)	87,135	103,874
	<u>\$ 753,277</u>	<u>\$ 359,493</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 78,817	\$ 32,597
Deferred revenues (Note 5)	125,162	55,322
	<u>203,979</u>	87,919
<b>DEFERRED CAPITAL CONTRIBUTIONS</b> (Note 6)	76,137	76,351
<b>CANADA EMERGENCY BUSINESS ACCOUNT</b> (Note 7)	40,000	-
	<u>320,116</u>	164,270
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	147,163	167,700
<b>INVESTED IN CAPITAL ASSETS</b>	10,998	27,523
<b>INTERNALLY RESTRICTED RESERVE</b> (Note 8)	275,000	-
	<u>433,161</u>	195,223
	<u>\$ 753,277</u>	<u>\$ 359,493</u>

**COMMITMENT** (Note 9)

**APPROVED ON BEHALF OF THE BOARD**

 Director  
 Director

See the accompanying notes to these financial statements

**REGENERATION OUTREACH COMMUNITY**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended December 31, 2020**

	2020	2019
<b>REVENUES</b>		
Grants:		
Regional (Note 10)	\$ 1,132,823	\$ 376,692
Foundations	163,182	43,864
Federal (Note 10)	30,295	34,022
Provincial (Note 10)	16,022	5,164
Donations and fundraising	793,484	596,817
Amortization of deferred capital contributions (Note 6)	20,911	9,833
Government assistance (Note 12)	17,334	-
Interest	8,418	4,591
	<u>2,182,469</u>	<u>1,070,983</u>
<b>EXPENSES</b>		
COVID-19 Emergency Response Fund program (Note 10)	859,757	-
Salaries and benefits	607,166	625,208
Project and program	231,694	190,714
Occupancy (Note 9)	109,207	106,654
Amortization of capital assets	45,953	66,337
Travel	20,087	7,372
Insurance	19,360	11,784
Professional fees	17,567	10,721
Technology costs	11,140	8,861
General and administrative	10,375	17,122
Telephone	10,016	6,731
Bank charges	2,209	2,566
	<u>1,944,531</u>	<u>1,054,070</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>237,938</b>	<b>16,913</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u><b>195,223</b></u>	<u><b>178,310</b></u>
<b>NET ASSETS - END OF YEAR</b>	<u><b>\$ 433,161</b></u>	<u><b>\$ 195,223</b></u>

See the accompanying notes to these financial statements



# REGENERATION OUTREACH COMMUNITY

## Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 237,938	\$ 16,913
Items not affecting cash:		
Amortization of capital assets	45,953	66,337
Amortization of deferred capital contributions	(20,911)	(9,833)
Promissory note forgiven	-	(54,859)
	<u>262,980</u>	<u>18,558</u>
Changes in non-cash working capital:		
Accounts receivable	10,784	(31,990)
Harmonized Sales Tax recoverable	(13,748)	(1,197)
Prepaid expenses	13,707	(17,321)
Accounts payable and accrued liabilities	46,220	(27,767)
Deferred revenues	69,840	420
	<u>126,803</u>	<u>(77,855)</u>
Cash flows from (used by) operating activities	<u>389,783</u>	<u>(59,297)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(29,214)	(84,491)
Proceeds from the sale of investments (net)	16,582	1,253
Cash flows used by investing activities	<u>(12,632)</u>	<u>(83,238)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from Canada Emergency Business Account loan	40,000	-
Amount received for deferred capital contributions	20,697	78,895
Cash flows from financing activities	<u>60,697</u>	<u>78,895</u>
<b>INCREASE (DECREASE) IN CASH</b>	<u>437,848</u>	<u>(63,640)</u>
<b>CASH - BEGINNING OF YEAR</b>	<u>29,343</u>	<u>92,983</u>
<b>CASH - END OF YEAR</b>	<u>\$ 467,191</u>	<u>\$ 29,343</u>

See the accompanying notes to these financial statements

# REGENERATION OUTREACH COMMUNITY

## Notes to Financial Statements

Year Ended December 31, 2020

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### 1. PURPOSE OF THE ORGANIZATION

Regeneration Outreach Community (the "Organization") was incorporated on August 12, 1999 without share capital under the Ontario Corporations Act. As a registered charity, the Organization is exempt from income tax under Section 149(1) of the Income Tax Act.

The Organization's objectives are:

- a) To relieve poverty in the City of Brampton by providing temporary shelter, food, clothing and other basic necessities of life to the poor;
  - b) To relieve poverty in the City of Brampton by establishing, maintaining and operating a community based outreach centre in the City of Brampton; and
  - c) To do all such things as are incidental and ancillary to advance the Christian faith, including:
    - i) providing a sense of Christian community;
    - ii) retaining volunteers and staff who are motivated by their Christian faith to service those in need;
    - iii) offering bible studies, training in ethics and morals, and modelling "Good Samaritan" lifestyles; and
    - iv) applying the biblical truths to real life issues.
- 

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

#### Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions, including grants and certain donations, are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions, including donations and fundraising, are recognized as revenues when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions for the purchase of capital assets are initially deferred on the statement of financial position and then amortized as revenues in the statement of operations on the same basis as the related capital assets costs are amortized.

Government assistance revenues, including the 10% Temporary Wage Subsidy are recognized on an accrual basis in the year the related eligible expenses are incurred.

#### Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, accounts receivable and investment. The financial liabilities measured at amortized cost includes accounts payable.

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# REGENERATION OUTREACH COMMUNITY

## Notes to Financial Statements

Year Ended December 31, 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following annual rates and methods:

Kitchen equipment	20%	straight-line method
Delivery vehicle	20%	straight-line method
Office equipment	30%	straight-line method
Leasehold improvements	7 years	straight-line method

The Organization regularly reviews its capital assets to eliminate obsolete items.

#### Contributed services

Volunteers contribute an undeterminable but substantial number of hours during the year to assist the Organization in carrying out its mission and activities. Since the Organization would not otherwise purchase these services, contributed services are not recognized in these financial statements.

#### Measurement uncertainty

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 reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates are periodically reviewed and any adjustments necessary are reported in excess of revenues over expenses in the year in which they become known. Such estimates include the collectability of accounts receivable and determining the useful life of capital assets in calculating amortization. Actual results could differ from these estimates.

### 3. INVESTMENT

This represents the cost of shares in a mortgage investment corporation which are not publicly traded.

### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Kitchen equipment	\$ 78,773	\$ 29,179	\$ 49,594	\$ 37,491
Delivery vehicle	46,280	13,986	32,294	41,550
Office equipment	14,618	9,371	5,247	4,165
Leasehold improvements	367,052	367,052	-	20,668
	<u>\$ 506,723</u>	<u>\$ 419,588</u>	<u>\$ 87,135</u>	<u>\$ 103,874</u>

**REGENERATION OUTREACH COMMUNITY****Notes to Financial Statements****Year Ended December 31, 2020****5. DEFERRED REVENUES**

Deferred revenues at December 31 consist of the following:

	2020	2019
Brampton and Caledon Community Foundation	\$ 58,962	\$ -
Ontario Trillium Foundation	26,900	16,022
Donations for the purchase of a delivery truck	26,442	26,442
Ontario Realtors Care Foundation	9,000	9,000
Other donations	3,858	3,858
	<u>\$ 125,162</u>	<u>\$ 55,322</u>

The continuity of deferred revenues for the year is as follows:

Balance, beginning of year	\$ 55,322	\$ 54,902
Add: amounts received during the year	101,900	44,016
Less: amounts recognized in the year	<u>(32,060)</u>	<u>(43,596)</u>
Balance, end of year	<u>\$ 125,162</u>	<u>\$ 55,322</u>

**6. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions at December 31 consist of the following:

	2020	2019
Deferred grants for kitchen equipment:		
Ontario Trillium Foundation	\$ 18,899	\$ 23,968
Brampton and Caledon Community Foundation	15,741	6,670
Regional Municipality of Peel	3,942	-
Other contributions	5,261	4,163
	<u>43,843</u>	<u>34,801</u>
Deferred donations for delivery truck	<u>32,294</u>	<u>41,550</u>
	<u>\$ 76,137</u>	<u>\$ 76,351</u>

The continuity of deferred capital contributions for the year is as follows:

Balance, beginning of year	\$ 76,351	\$ 7,289
Add: amounts received during the year	20,697	78,895
Less: capital contributions recognized as revenues in the year	<u>(20,911)</u>	<u>(9,833)</u>
Balance, end of year	<u>\$ 76,137</u>	<u>\$ 76,351</u>



# REGENERATION OUTREACH COMMUNITY

## Notes to Financial Statements

Year Ended December 31, 2020

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### 7. CANADA EMERGENCY BUSINESS ACCOUNT

During the year, the Organization obtained the Canada Emergency Business Account ("CEBA") loan of \$40,000. CEBA is non-interest bearing up to the initial term date of December 31, 2022. From the period commencing December 31, 2022 to the extended term date of December 31, 2025, the loan bears an annual interest rate of 5%.

Based on the CEBA Term Loan Agreement, if at least 75% of the loan amount is repaid by December 31, 2022, the remaining balance will be forgiven.

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### 8. INTERNALLY RESTRICTED RESERVE

In 2020, the Board of Directors established an internally restricted reserve to support future operating needs, including the unforeseen impacts of events similar to COVID-19. A balance of \$275,000 was established for this reserve, which is supported by cash and investments on the statement of financial position.

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### 9. COMMITMENT

The Organization leases an office premise and program delivery space under an operating lease that expired on December 31, 2019. Subsequent to the year end, the lease was extended to December 31, 2022. Future minimum lease payments for each year are approximately \$120,000.

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### 10. GRANTS

Regional grants consists of contributions from the Region of Peel in support of the following programs:

	2020	2019
COVID-19 Emergency Response Fund (see below)	\$ 813,474	\$ -
Reaching Home	144,373	106,779
Core and Community Investment Program	143,513	162,162
ID Clinic	31,463	17,892
Homelessness Partnering Strategy Program	-	89,859
	<u>\$ 1,132,823</u>	<u>\$ 376,692</u>

The Organization utilized funding for COVID-19 social support in the Region of Peel to manage the operation of a food bank and other COVID-19 relief efforts. Costs included necessities of life, facility overhead, personnel compensation and protective shielding. These costs amounted to \$859,757 and are included in COVID-19 Emergency Response Fund program expenses on the Statement of Operations.

The Federal grant consists of the Employment and Social Development Canada Summer Jobs Employment grant.

The Provincial grant consists of the Ontario Trillium Foundation project grant.

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### 11. FINANCIAL INSTRUMENTS

It is management's opinion that the Organization is not exposed to significant liquidity or credit risks and that existing cash balances and cash flows generated from operations are sufficient to meet the Organization's financial liabilities. The Organization is not exposed to interest rate, currency or other price risks or any significant concentrations of risk in its operations.

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## **REGENERATION OUTREACH COMMUNITY**

### **Notes to Financial Statements**

**Year Ended December 31, 2020**

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#### **12. SIGNIFICANT EVENT**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The Organization has implemented various measures to protect the health and well-being of volunteers, employees, management and individuals in need. The duration and impact of COVID-19 are unknown at this time. It is not possible to estimate the impact that the length and severity that COVID-19 will have on the financial results and condition of the Organization in future periods. The Organization continues to closely monitor and assess the impact on operations.

As part of the response to COVID-19, the federal government introduced the 10% Temporary Wage Subsidy to assist employers whose activities have been affected by COVID-19. For the period of March 18 to December 31, 2020, the Organization applied for and received \$17,334.

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#### **13. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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