

REGENERATION OUTREACH COMMUNITY

Financial Statements

December 31, 2021

REGENERATION OUTREACH COMMUNITY

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Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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, 2021, and the statements of operations and change 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, 2021, 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 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 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.

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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 this financial information.

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
March 28, 2022

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

REGENERATION OUTREACH COMMUNITY

Statement of Financial Position

As at December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash (Note 8)	\$ 440,359	\$ 467,191
Accounts receivable	84,599	33,434
Harmonized Sales Tax recoverable	19,903	24,246
Prepaid expenses	1,100	5,214
	<u>545,961</u>	530,085
INVESTMENT (Notes 3 and 8)	197,242	136,057
CAPITAL ASSETS (Note 4)	111,938	87,135
	<u>\$ 855,141</u>	<u>\$ 753,277</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 67,781	\$ 78,817
Deferred revenues (Note 5)	130,426	125,162
	<u>198,207</u>	203,979
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	109,513	76,137
CANADA EMERGENCY BUSINESS ACCOUNT (Note 7)	40,000	40,000
	<u>347,720</u>	320,116
NET ASSETS		
UNRESTRICTED	154,996	147,163
INVESTED IN CAPITAL ASSETS	2,425	10,998
INTERNALLY RESTRICTED RESERVE (Note 8)	350,000	275,000
	<u>507,421</u>	433,161
	<u>\$ 855,141</u>	<u>\$ 753,277</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 Change in Net Assets
Year Ended December 31, 2021

	2021	2020
REVENUES		
Grants:		
Regional <i>(Note 10)</i>	\$ 599,102	\$ 1,132,823
Foundations	91,847	163,182
Federal <i>(Note 10)</i>	40,092	30,295
Provincial <i>(Note 10)</i>	53,700	16,022
Donations and fundraising	1,105,483	793,484
Amortization of deferred capital contributions <i>(Note 6)</i>	30,021	20,911
Government assistance <i>(Note 12)</i>	-	17,334
Interest	11,165	8,418
	<u>1,931,410</u>	<u>2,182,469</u>
EXPENSES		
Salaries and benefits	852,925	607,166
Occupancy <i>(Note 9)</i>	302,739	109,207
Project and program	247,105	231,694
COVID-19 Emergency Response Fund program <i>(Note 10)</i>	243,264	859,757
Professional fees	50,879	17,567
Amortization of capital assets	39,261	45,953
Insurance	32,566	19,360
Travel	29,214	20,087
Technology costs	28,198	11,140
Telephone	14,328	10,016
General and administrative	13,052	10,375
Bank charges	3,619	2,209
	<u>1,857,150</u>	<u>1,944,531</u>
EXCESS OF REVENUES OVER EXPENSES	74,260	237,938
NET ASSETS - BEGINNING OF YEAR	433,161	195,223
NET ASSETS - END OF YEAR	\$ 507,421	\$ 433,161

See the accompanying notes to these financial statements

REGENERATION OUTREACH COMMUNITY**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 74,260	\$ 237,938
Items not affecting cash:		
Amortization of capital assets	39,261	45,953
Amortization of deferred capital contributions	(30,021)	(20,911)
Promissory note forgiven	-	-
	<u>83,500</u>	<u>262,980</u>
Changes in non-cash working capital:		
Accounts receivable	(51,165)	10,784
Harmonized Sales Tax recoverable	4,343	(13,748)
Prepaid expenses	4,114	13,707
Accounts payable and accrued liabilities	(11,036)	46,220
Deferred revenues	5,264	69,840
	<u>(48,480)</u>	<u>126,803</u>
Cash flows from operating activities	<u>35,020</u>	<u>389,783</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(64,064)	(29,214)
Purchase of Investment	(61,185)	-
Proceeds from the sale of investments (net)	-	16,582
	<u>(125,249)</u>	<u>(12,632)</u>
Cash flows used by investing activities	<u>(125,249)</u>	<u>(12,632)</u>
FINANCING ACTIVITIES		
Amount received for deferred capital contributions	63,397	20,697
Proceeds from Canada Emergency Business Account loan	-	40,000
	<u>63,397</u>	<u>60,697</u>
Cash flows from financing activities	<u>63,397</u>	<u>60,697</u>
INCREASE (DECREASE) IN CASH	(26,832)	437,848
CASH - BEGINNING OF YEAR	467,191	29,343
CASH - END OF YEAR	\$ 440,359	\$ 467,191

See the accompanying notes to these financial statements

REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2021

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.

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.

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

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REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2021

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:

Delivery vehicle	20%	straight-line method
Kitchen equipment	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.

The Organization assesses for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the capital assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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	2021 Net book value	2020 Net book value
Delivery vehicle	\$ 90,015	\$ 31,259	\$ 58,756	\$ 32,294
Kitchen equipment	99,102	46,782	52,320	49,594
Office equipment	14,618	13,756	862	5,247
Leasehold improvements	367,052	367,052	-	-
	<u>\$ 570,787</u>	<u>\$ 458,849</u>	<u>\$ 111,938</u>	<u>\$ 87,135</u>

REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2021

5. DEFERRED REVENUES

Deferred revenues at December 31 consist of the following:

	2021	2020
Regional Municipality of Peel - Reaching Home grant	\$ 108,649	\$ -
Donations for the purchase of a delivery truck	12,875	26,442
Other donations	3,998	3,858
The Meeting House Church Family	2,933	-
Ontario Realtors Care Foundation	1,471	9,000
Brampton and Caledon Community Foundation	500	58,962
Ontario Trillium Foundation	-	26,900
	<u>\$ 130,426</u>	<u>\$ 125,162</u>

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

Balance - beginning of year	\$ 125,162	\$ 55,322
Add: amounts received during the year	104,053	101,900
Less: amounts recognized as revenues in the year	<u>(98,789)</u>	<u>(32,060)</u>
Balance - end of year	<u>\$ 130,426</u>	<u>\$ 125,162</u>

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions at December 31 consist of the following:

	2021	2020
Deferred grants for kitchen equipment:		
Brampton and Caledon Community Foundation	\$ 16,842	\$ 15,741
Ontario Trillium Foundation	13,831	18,899
Ontario Realtors Care Foundation	6,901	-
The Meeting House Church Family	6,707	-
Regional Municipality of Peel	3,050	3,942
Other contributions	2,978	5,261
	<u>50,309</u>	<u>43,843</u>
Deferred donations for delivery truck	<u>59,204</u>	<u>32,294</u>
	<u>\$ 109,513</u>	<u>\$ 76,137</u>

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

Balance, beginning of year	\$ 76,137	\$ 76,351
Add: amounts received during the year	63,397	20,697
Less: capital contributions recognized as revenues in the year	<u>(30,021)</u>	<u>(20,911)</u>
Balance, end of year	<u>\$ 109,513</u>	<u>\$ 76,137</u>

REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2021

7. CANADA EMERGENCY BUSINESS ACCOUNT

During 2020, 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, 2023. From the period commencing December 31, 2023 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, 2023, the remaining balance will be forgiven.

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. During 2020, an initial balance of \$275,000 was established for this reserve. During fiscal 2021, an additional transfer of \$75,000 was allocated to this reserve to bring the total balance to \$350,000. The reserve is supported by cash and investments on the statement of financial position.

9. COMMITMENT

The Organization leases an office premise and program delivery space under an operating lease ending on December 31, 2022. The total annual payments amount to \$119,185 under the agreements.

10. GRANTS

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

	<u>2021</u>	<u>2020</u>
ID Clinic	\$ 24,378	\$ 31,463
Drop in program	221,459	-
COVID-19 Emergency Response Fund (see below)	243,438	813,474
Reaching Home	231,286	144,373
Core and Community Investment Program	100,000	143,513
	<u>\$ 820,561</u>	<u>\$ 1,132,823</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 \$243,264 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.

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.

REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2021

12. COVID-19

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 continued to maintain various measures to protect the health and well-being of volunteers, employees, management and individuals in need during 2021. 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.
