

REGENERATION OUTREACH COMMUNITY

Financial Statements

December 31, 2023

REGENERATION OUTREACH COMMUNITY

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Year Ended December 31, 2023

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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, 2023, 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, 2023, 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 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
May 27, 2024

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

REGENERATION OUTREACH COMMUNITY

Statement of Financial Position

As at December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 326,908	\$ 269,975
Accounts receivable	56,207	40,298
Harmonized Sales Tax recoverable	33,692	34,480
Prepaid expenses	29,779	24,006
	446,586	368,759
INVESTMENT (Notes 3 and 8)	294,487	418,606
CAPITAL ASSETS (Note 4)	137,155	126,596
	\$ 878,228	\$ 913,961
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 79,980	\$ 68,670
Deferred revenues (Note 5)	197,962	223,277
Canada Emergency Business Account loan (Note 6)	30,000	40,000
	307,942	331,947
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	126,541	123,887
	434,483	455,834
NET ASSETS		
UNRESTRICTED	83,131	105,418
INVESTED IN CAPITAL ASSETS	10,614	2,709
INTERNALLY RESTRICTED RESERVE (Note 8)	350,000	350,000
	443,745	458,127
	\$ 878,228	\$ 913,961
COMMITMENT (Note 9)		

APPROVED ON BEHALF OF THE BOARD

 Arlene Foster Director

 Chris Smith Director

See the accompanying notes to these financial statements

REGENERATION OUTREACH COMMUNITY
Statement of Operations and Changes in Net Assets
Year Ended December 31, 2023

	2023	2022
REVENUES		
Donations and fundraising	\$ 1,077,761	\$ 1,116,773
Grants:		
Regional (Note 10)	793,095	785,471
Foundations	198,700	49,635
Federal (Note 10)	22,477	30,482
Amortization of deferred capital contributions (Note 7)	51,206	34,261
Rental	47,624	-
Interest	25,882	21,438
Other	25,430	-
	<u>2,242,175</u>	<u>2,038,060</u>
EXPENSES		
Salaries and benefits	1,101,496	989,874
Project and program	529,748	597,593
Occupancy (Note 9)	396,965	294,843
Amortization of capital assets	61,091	40,677
Professional fees	52,026	47,434
Insurance	31,959	40,162
Travel	28,924	25,438
General and administrative	24,044	22,015
Technology costs	14,174	14,108
Telephone	12,965	10,047
Bank charges	3,165	5,163
	<u>2,256,557</u>	<u>2,087,354</u>
DEFICIENCY OF REVENUES OVER EXPENSES	(14,382)	(49,294)
NET ASSETS - BEGINNING OF YEAR	<u>458,127</u>	<u>507,421</u>
NET ASSETS - END OF YEAR	<u>\$ 443,745</u>	<u>\$ 458,127</u>

See the accompanying notes to these financial statements

REGENERATION OUTREACH COMMUNITY**Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (14,382)	\$ (49,294)
Items not affecting cash:		
Amortization of capital assets	61,091	40,677
Amortization of deferred capital contributions	(51,206)	(34,261)
Forgiveness of Canada Emergency Business Account loan	(10,000)	-
	<u>(14,497)</u>	<u>(42,878)</u>
Changes in non-cash working capital:		
Accounts receivable	(15,909)	44,301
Harmonized Sales Tax recoverable	788	(14,577)
Prepaid expenses	(5,773)	(22,906)
Accounts payable and accrued liabilities	11,310	889
Deferred revenues	(25,315)	92,851
	<u>(34,899)</u>	<u>100,558</u>
Cash flows from (used by) operating activities	<u>(49,396)</u>	<u>57,680</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(71,650)	(55,335)
Proceeds (purchase) of investment, net	124,119	(221,364)
Cash flows from (used by) investing activities	<u>52,469</u>	<u>(276,699)</u>
FINANCING ACTIVITY		
Amount received for deferred capital contributions	53,860	48,635
INCREASE (DECREASE) IN CASH	56,933	(170,384)
CASH - BEGINNING OF YEAR	269,975	440,359
CASH - END OF YEAR	<u>\$ 326,908</u>	<u>\$ 269,975</u>

See the accompanying notes to these financial statements

REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2023

1. PURPOSE OF THE ORGANIZATION

Regeneration Outreach Community (the "Organization") was incorporated on August 12, 1999 without share capital under the Ontario Corporations Act. In 2023, the Organization was continued under the Ontario Not-for-Profit 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.
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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.

Rental revenue is recognized on a monthly basis upon completion of the service period per the agreement.

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 and accounts receivable. The financial liabilities measured at amortized cost includes accounts payable.

Investments are measured at cost (see Note 3).

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REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment, if there are indications of possible impairment. The impairment loss is measured as the difference between the carrying value and estimated recoverable amount. 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 deficiency of revenues over expenses.

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
Computer equipment	2 years	straight-line method
Office equipment	30%	straight-line method
Leasehold improvements	7 years	straight-line method

Impairment of long-lived assets

Long-lived assets including capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the assets exceeds its fair value. Fair value is determined by the current replacement 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.

Use of estimates

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 at the date of the financial statements and the reported amounts of revenues and expenses during the year. These estimates are reviewed periodically and adjustments are made to revenues and expenses in the year in which they become known. Estimates exist with respect to the collectability of accounts receivable, determining the useful life of capital assets, and year-end accrued liabilities. 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.

REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2023

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Kitchen equipment	\$ 197,334	\$ 105,948	\$ 91,386	\$ 85,843
Delivery vehicle	90,015	67,265	22,750	40,753
Computer equipment	16,256	3,387	12,869	-
Office equipment	27,147	16,997	10,150	-
Leasehold improvements	367,052	367,052	-	-
	<u>\$ 697,804</u>	<u>\$ 560,649</u>	<u>\$ 137,155</u>	<u>\$ 126,596</u>

5. DEFERRED REVENUES

Deferred revenues at December 31 consist of the following:

	2023	2022
Regional Municipality of Peel*	\$ 133,998	\$ 153,590
The Canadian Red Cross Society	33,540	-
Donations for the purchase of a delivery truck	15,000	7,001
Gift Funds Canada	10,000	-
Other donations	3,998	3,998
Oak Foundation	1,426	-
The D'Accord Family Foundation	-	19,784
Ontario Trillium Foundation - capital costs	-	35,500
City of Brampton	-	3,404
	<u>\$ 197,962</u>	<u>\$ 223,277</u>

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

Balance - beginning of year	\$ 223,277	\$ 130,426
Add: amounts received during the year	2,066,718	2,075,212
Less: amounts recognized as revenues in the year	<u>(2,092,033)</u>	<u>(1,982,361)</u>
Balance - end of year	<u>\$ 197,962</u>	<u>\$ 223,277</u>

* Included in the amount from the Region of Peel is an addition of \$nil (2022 - \$48,500) from the Region of Peel Food Securities grant (Note 10).

6. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

In fiscal 2020, the Organization applied for and received the \$40,000 Canada Emergency Business Account ("CEBA") loan. The CEBA loan is non-interest bearing up to the initial term date of January 18, 2024.

Based on the CEBA Term Loan Agreement, if at least 75% of the loan amount is repaid by January 18, 2024, the remaining \$10,000 balance will be forgiven. On January 12, 2024, the Organization repaid \$30,000 of the loan amount and as a result, the \$10,000 forgivable portion has been recognized as other revenues in the current fiscal year.

REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2023

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions at December 31 consist of the following:

	2023	2022
Deferred grants for capital assets:		
Ontario Trillium Foundation	\$ 36,699	\$ 8,763
Regional Municipality of Peel	38,551	49,171
The Canadian Red Cross Society	11,448	-
Brampton and Caledon Community Foundation	7,002	11,922
Ontario Realtors Care Foundation	3,890	5,395
The Meeting House Church Family	3,880	5,293
Other contributions	1,690	2,050
	<u>103,160</u>	<u>82,594</u>
 Deferred donations for delivery truck	 23,381	 41,293
	<u>\$ 126,541</u>	<u>\$ 123,887</u>

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

Balance - beginning of year	\$ 123,887	\$ 109,513
Add: amounts received during the year	53,860	48,635
Less: capital contributions recognized as revenues in the year	<u>(51,206)</u>	<u>(34,261)</u>
Balance - end of year	<u>\$ 126,541</u>	<u>\$ 123,887</u>

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. The balance of the reserve fund at December 31, 2023 of \$350,000 (2022 - \$350,000) is supported by investments and cash on the statement of financial position.

9. COMMITMENT

The Organization has two premise leases with terms extending to September 2024 and December 2025. The minimum annual future lease payments as at December 31, 2023, are as follows:

2024	\$ 323,846
2025	138,900
	<u>\$ 462,746</u>

REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2023

10. GRANTS

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

	<u>2023</u>	<u>2022</u>
Reaching Home	\$ 368,898	\$ 323,217
Food Security*	246,929	104,436
Core and Community Investment Program	100,000	100,000
ID Clinic	77,268	62,308
Healthy Babies Healthy Children	-	195,510
	<u>\$ 793,095</u>	<u>\$ 785,471</u>

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

*In 2023, \$nil (2022 - \$48,500) from the Food Security grant has been used to purchase capital assets and therefore included in Note 7 deferred capital contributions. The use of these funds were approved by the Region of Peel.

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.
