

**REGENERATION OUTREACH COMMUNITY**

**Financial Statements**

**December 31, 2022**

**REGENERATION OUTREACH COMMUNITY**

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Year Ended December 31, 2022**

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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, 2022, 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, 2022, 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.

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.

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

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.

Toronto, Ontario  
May 29, 2023

*Hogg, Shain & Scheck PC*

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

**REGENERATION OUTREACH COMMUNITY**

**Statement of Financial Position**

**As at December 31, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 269,975	\$ 440,359
Accounts receivable	40,298	84,599
Harmonized Sales Tax recoverable	34,480	19,903
Prepaid expenses	24,006	1,100
	<u>368,759</u>	<u>545,961</u>
<b>INVESTMENT (Notes 3 and 10)</b>	418,606	197,242
<b>CAPITAL ASSETS (Note 4)</b>	126,596	111,938
	<u>\$ 913,961</u>	<u>\$ 855,141</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 68,670	\$ 67,781
Deferred revenues (Note 5)	223,277	130,426
Canada Emergency Business Account loan (Note 6)	40,000	-
	<u>331,947</u>	<u>198,207</u>
<b>DEFERRED CAPITAL CONTRIBUTIONS (Note 8)</b>	123,887	109,513
<b>CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 6)</b>	-	40,000
	<u>455,834</u>	<u>347,720</u>
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	105,418	154,996
<b>INVESTED IN CAPITAL ASSETS</b>	2,709	2,425
<b>INTERNALLY RESTRICTED RESERVE (Note 10)</b>	350,000	350,000
	<u>458,127</u>	<u>507,421</u>
	<u>\$ 913,961</u>	<u>\$ 855,141</u>
<b>COMMITMENT (Note 7)</b>		

APPROVED ON BEHALF OF THE BOARD

      Nick Foster       Director

      [Signature]       Director

See the accompanying notes to these financial statements

**REGENERATION OUTREACH COMMUNITY**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended December 31, 2022**

	2022	2021
<b>REVENUES</b>		
Donations and fundraising	\$ 1,116,773	\$ 1,105,483
Grants:		
Regional (Note 9)	785,471	599,102
Foundations	49,635	91,847
Federal (Note 9)	30,482	40,092
Provincial	-	53,700
Amortization of deferred capital contributions (Note 8)	34,261	30,021
Interest	21,438	11,165
	<u>2,038,060</u>	<u>1,931,410</u>
<b>EXPENSES</b>		
Salaries and benefits	989,874	852,925
Project and program	597,593	247,105
Occupancy (Note 7)	294,843	302,739
Professional fees	47,434	50,879
Amortization of capital assets	40,677	39,261
Insurance	40,162	32,566
Travel	25,438	29,214
General and administrative	22,015	13,052
Technology costs	14,108	28,198
Telephone	10,047	14,328
Bank charges	5,163	3,619
COVID-19 Emergency Response Fund program (Note 9)	-	243,264
	<u>2,087,354</u>	<u>1,857,150</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>(49,294)</b>	<b>74,260</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u><b>507,421</b></u>	<u><b>433,161</b></u>
<b>NET ASSETS - END OF YEAR</b>	<u><b>\$ 458,127</b></u>	<u><b>\$ 507,421</b></u>

See the accompanying notes to these financial statements

**REGENERATION OUTREACH COMMUNITY**

**Statement of Cash Flows**

**Year Ended December 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (49,294)	\$ 74,260
Items not affecting cash:		
Amortization of capital assets	40,677	39,261
Amortization of deferred capital contributions	<u>(34,261)</u>	<u>(30,021)</u>
	<u>(42,878)</u>	83,500
Changes in non-cash working capital:		
Accounts receivable	44,301	(51,165)
Harmonized Sales Tax recoverable	(14,577)	4,343
Prepaid expenses	(22,906)	4,114
Accounts payable and accrued liabilities	889	(11,036)
Deferred revenues	<u>92,851</u>	<u>5,264</u>
	<u>100,558</u>	<u>(48,480)</u>
Cash flows from operating activities	<u>57,680</u>	35,020
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(55,335)	(64,064)
Purchase of investment	<u>(221,364)</u>	<u>(61,185)</u>
Cash flows used by investing activities	<u>(276,699)</u>	<u>(125,249)</u>
<b>FINANCING ACTIVITY</b>		
Amount received for deferred capital contributions	<u>48,635</u>	63,397
Cash flows from financing activity	<u>48,635</u>	63,397
<b>DECREASE IN CASH</b>	<b>(170,384)</b>	<b>(26,832)</b>
<b>CASH - BEGINNING OF YEAR</b>	<u><b>440,359</b></u>	<u>467,191</u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 269,975</b></u>	<u><b>\$ 440,359</b></u>

*See the accompanying notes to these financial statements*

# REGENERATION OUTREACH COMMUNITY

## Notes to Financial Statements Year Ended December 31, 2022

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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.
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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.

#### 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).

#### Impairment of financial instruments

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 (deficiency) of revenues over expenses.

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# REGENERATION OUTREACH COMMUNITY

## Notes to Financial Statements

Year Ended December 31, 2022

### 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

#### 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 capital asset exceeds its fair value. Fair value is determined by the sum of undiscounted cash flows resulting from its use and eventual disposition.

#### 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, 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 (deficiency) 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. 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	2022 Net book value	2021 Net book value
Kitchen equipment	\$ 154,437	\$ 68,594	\$ 85,843	\$ 52,320
Delivery vehicle	90,015	49,262	40,753	58,756
Office equipment	14,618	14,618	-	862
Leasehold improvements	367,052	367,052	-	-
	<u>\$ 626,122</u>	<u>\$ 499,526</u>	<u>\$ 126,596</u>	<u>\$ 111,938</u>

**REGENERATION OUTREACH COMMUNITY**

**Notes to Financial Statements**  
**Year Ended December 31, 2022**

**5. DEFERRED REVENUES**

Deferred revenues at December 31 consist of the following:

	<u>2022</u>	<u>2021</u>
Regional Municipality of Peel*	\$ 153,590	\$ 108,649
Ontario Trillium Foundation - capital costs	35,500	-
The D'Accord Family Foundation	19,784	-
Donations for the purchase of a delivery truck	7,001	12,875
Other donations	3,998	3,998
City of Brampton	3,404	-
The Meeting House Church Family	-	2,933
Ontario Realtors Care Foundation	-	1,471
Brampton and Caledon Community Foundation	-	500
	<u>\$ 223,277</u>	<u>\$ 130,426</u>

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

Balance - beginning of year	\$ 130,426	\$ 125,162
Add: amounts received during the year	123,174	104,053
Less: amounts recognized as revenues in the year	<u>(30,323)</u>	<u>(98,789)</u>
Balance - end of year	<u>\$ 223,277</u>	<u>\$ 130,426</u>

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

**6. CANADA EMERGENCY BUSINESS ACCOUNT LOAN**

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.

**7. COMMITMENT**

The Organization leases an office premise and program delivery space in which they pay on a month to month basis. Total annual payments are \$108,000.

In addition to the office premise, the Organization also has a lease for program space which expires on September 14, 2024. Total annual payments are \$252,000, which includes base rent and a proportionate share of property taxes.

**REGENERATION OUTREACH COMMUNITY**

**Notes to Financial Statements**

**Year Ended December 31, 2022**

**8. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions at December 31 consist of the following:

	<u>2022</u>	<u>2021</u>
Deferred grants for kitchen equipment:		
Regional Municipality of Peel	\$ 49,171	\$ 3,050
Brampton and Caledon Community Foundation	11,922	16,842
Ontario Trillium Foundation	8,763	13,831
Ontario Realtors Care Foundation	5,395	6,901
The Meeting House Church Family	5,293	6,707
Other contributions	2,050	2,978
	<u>82,594</u>	<u>50,309</u>
 Deferred donations for delivery truck	 41,293	 59,204
	<u>\$ 123,887</u>	<u>\$ 109,513</u>

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

Balance - beginning of year	\$ 109,513	\$ 76,137
Add: amounts received during the year	48,635	63,397
Less: capital contributions recognized as revenues in the year	<u>(34,261)</u>	<u>(30,021)</u>
Balance - end of year	<u>\$ 123,887</u>	<u>\$ 109,513</u>

**9. GRANTS**

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

	<u>2022</u>	<u>2021</u>
Reaching Home	\$ 323,217	\$ 231,286
Healthy Babies Healthy Children	195,510	-
Food Security*	104,436	-
Core and Community Investment Program	100,000	100,000
ID Clinic	62,308	24,378
COVID-19 Emergency Response Fund (see below)	<u>-</u>	<u>243,438</u>
	<u>\$ 785,471</u>	<u>\$ 599,102</u>

In 2021, the Organization utilized funding for COVID-19 social support from 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. In fiscal 2022 no COVID-19 funding was received.

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

\* \$48,500 from the Food Security grant has been used to purchase capital assets and therefore included in Note 6 deferred capital contributions. The use of these funds were approved by the Region of Peel.

**REGENERATION OUTREACH COMMUNITY**

**Notes to Financial Statements**

**Year Ended December 31, 2022**

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**10. 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, 2022 of \$350,000 (2021 - \$350,000) is supported by investments on the statement of financial position.

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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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