

REGENERATION OUTREACH COMMUNITY

Financial Statements

December 31, 2024

REGENERATION OUTREACH COMMUNITY

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Year Ended December 31, 2024

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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, 2024, 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, 2024, 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 26, 2025

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

REGENERATION OUTREACH COMMUNITY

Statement of Financial Position

As at December 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 303,318	\$ 271,395
Restricted cash (Note 7)	35,069	55,513
Accounts receivable	100,367	56,207
Harmonized Sales Tax recoverable	50,134	33,692
Prepaid expenses	38,377	29,779
	<u>527,265</u>	446,586
INVESTMENT (Notes 3 and 7)	314,931	294,487
CAPITAL ASSETS (Note 4)	315,734	137,155
	<u>\$ 1,157,930</u>	<u>\$ 878,228</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 81,671	\$ 79,980
Deferred revenues (Note 5)	232,777	197,962
Canada Emergency Business Account loan	-	30,000
	<u>314,448</u>	307,942
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	268,755	126,541
	<u>583,203</u>	434,483
NET ASSETS		
UNRESTRICTED	167,099	83,131
INVESTED IN CAPITAL ASSETS	57,628	10,614
INTERNALLY RESTRICTED RESERVE (Note 7)	350,000	350,000
	<u>574,727</u>	443,745
	<u>\$ 1,157,930</u>	<u>\$ 878,228</u>

COMMITMENTS (Note 8)

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, 2024

	2024	2023
REVENUES		
Donations and fundraising	\$ 1,231,807	\$ 1,077,761
Grants:		
Regional (Note 9)	881,828	793,095
Foundations	159,604	198,700
Federal (Note 9)	57,501	22,477
Rental	125,429	47,624
Amortization of deferred capital contributions (Note 6)	64,357	51,206
Interest	20,444	25,882
Other	2,199	25,430
	<u>2,543,169</u>	<u>2,242,175</u>
EXPENSES		
Salaries and benefits	1,185,167	1,101,496
Project and program	554,559	529,748
Occupancy (Note 8)	404,481	396,965
Amortization of capital assets	75,042	61,091
Professional fees	60,319	52,026
General and administrative	36,084	24,044
Insurance	33,907	31,959
Travel	28,544	28,924
Technology costs	17,919	14,174
Telephone	10,983	12,965
Bank charges	5,182	3,165
	<u>2,412,187</u>	<u>2,256,557</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	130,982	(14,382)
NET ASSETS - BEGINNING OF YEAR	<u>443,745</u>	<u>458,127</u>
NET ASSETS - END OF YEAR	<u>\$ 574,727</u>	<u>\$ 443,745</u>

See the accompanying notes to these financial statements

REGENERATION OUTREACH COMMUNITY

Statement of Cash Flows

Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 130,982	\$ (14,382)
Items not affecting cash:		
Amortization of capital assets	75,042	61,091
Amortization of deferred capital contributions	(64,357)	(51,206)
Forgiveness of Canada Emergency Business Account loan	-	(10,000)
	<u>141,667</u>	<u>(14,497)</u>
Changes in non-cash working capital:		
Accounts receivable	(44,160)	(15,909)
Harmonized Sales Tax recoverable	(16,442)	788
Prepaid expenses	(8,598)	(5,773)
Accounts payable and accrued liabilities	1,691	11,310
Deferred revenues	34,815	(25,315)
	<u>(32,694)</u>	<u>(34,899)</u>
Cash flows from (used by) operating activities	<u>108,973</u>	<u>(49,396)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(253,621)	(71,650)
Proceeds (purchase) of investment, net	(20,444)	124,119
Cash flows from (used by) investing activities	<u>(274,065)</u>	<u>52,469</u>
FINANCING ACTIVITIES		
Amount received for deferred capital contributions	206,571	53,860
Repayment of Canada Emergency Business Account loan	(30,000)	-
Cash flows from financing activities	<u>176,571</u>	<u>53,860</u>
INCREASE IN CASH	<u>11,479</u>	<u>56,933</u>
CASH - BEGINNING OF YEAR	<u>326,908</u>	<u>269,975</u>
CASH - END OF YEAR	<u>338,387</u>	<u>326,908</u>
CASH CONSISTS OF:		
Cash	\$ 303,318	\$ 271,395
Restricted cash	35,069	55,513
	<u>\$ 338,387</u>	<u>\$ 326,908</u>

See the accompanying notes to these financial statements

REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2024

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.

Investment is measured at cost (see Note 3).

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REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2024

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 excess (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:

Delivery vehicles	20%	straight-line method
Kitchen equipment	20%	straight-line method
Office equipment	30%	straight-line method
Computer equipment	2 years	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, 2024

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Delivery vehicles	\$ 290,922	\$ 93,860	\$ 197,062	\$ 22,750
Kitchen equipment	236,544	140,543	96,001	91,386
Office equipment	38,581	22,389	16,192	10,150
Computer equipment	18,326	11,847	6,479	12,869
Leasehold improvements	367,052	367,052	-	-
	<u>\$ 951,425</u>	<u>\$ 635,691</u>	<u>\$ 315,734</u>	<u>\$ 137,155</u>

5. DEFERRED REVENUES

Deferred revenues at December 31 consist of the following:

	2024	2023
Regional Municipality of Peel*	\$ 145,179	\$ 133,998
Ontario Trillium Foundation	33,600	-
Robert Kerr Foundation	30,000	-
Other donations	23,998	3,998
Oak Foundation	-	1,426
Donations for the purchase of a delivery truck	-	15,000
The Canadian Red Cross Society	-	33,540
Gift Funds Canada	-	10,000
	<u>\$ 232,777</u>	<u>\$ 197,962</u>

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

Balance - beginning of year	\$ 197,962	\$ 223,277
Add: amounts received during the year	2,308,054	2,066,718
Less: amounts recognized as revenues in the year	<u>(2,273,339)</u>	<u>(2,092,033)</u>
Balance - end of year	<u>\$ 232,677</u>	<u>\$ 197,962</u>

* Included in the amount from the Region of Peel is an addition of \$11,433 (2023 - \$nil) from the Region of Peel Reaching Home grant (Note 9).

REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2024

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions at December 31 consist of the following:

	2024	2023
Ontario Trillium Foundation	\$ 125,306	\$ 36,699
Regional Municipality of Peel	48,299	38,551
The Canadian Red Cross Society	4,218	11,448
Brampton and Caledon Community Foundation	2,689	7,002
Ontario Realtors Care Foundation	2,384	3,890
The Meeting House Church Family	2,467	3,880
Other contributions	761	1,690
	<u>186,124</u>	<u>103,160</u>
Deferred donations for delivery truck	82,631	23,381
	<u>\$ 268,755</u>	<u>\$ 126,541</u>

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

Balance - beginning of year	\$ 126,541	\$ 123,887
Add: amounts received during the year	206,571	53,860
Less: capital contributions recognized as revenues in the year	<u>(64,357)</u>	<u>(51,206)</u>
Balance - end of year	<u>\$ 268,755</u>	<u>\$ 126,541</u>

7. 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, 2024 of \$350,000 is supported by investments and restricted cash on the statement of financial position.

8. COMMITMENT

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

2025	<u>\$ 400,980</u>
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REGENERATION OUTREACH COMMUNITY

Notes to Financial Statements

Year Ended December 31, 2024

9. GRANTS

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

	2024	2023
Reaching Home*	\$ 446,087	\$ 368,898
Community Investment Program	110,000	100,000
ID Clinic	85,187	77,268
Capacity Fund	28,376	-
Other	12,178	-
Food Security	200,000	246,929
	<u>\$ 881,828</u>	<u>\$ 793,095</u>

In 2024, Federal grants revenues consist of the Employment and Social Development Canada Summer Jobs Employment grant of \$51,421 (2023 - \$22,477) and Community Volunteer Income Tax Program grant of \$6,080 (2023 - \$nil) .

*In 2024, \$22,263 (2023 - \$nil) from the Reaching Home 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.

10. 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.

11. COMPARATIVE FIGURES

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