Financial statements of

CHRISTIE REFUGEE WELCOME CENTRE INC.

December 31, 2017

TINKHAM LLP | CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
CHRISTIE REFUGEE WELCOME CENTRE INC.

We have audited the financial statements of Christie Refugee Welcome Centre Inc., which comprise the statement of financial position as at December 31, 2017, and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Christie Refugee Welcome Centre Inc. as at December 31, 2017, 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.

Other Matter

The financial statements of Christie Refugee Welcome Centre Inc. for the year ended December 31, 2016 were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion on those statements on April 24, 2017.

TORONTO, Ontario
April 23, 2018

Licensed Public Accountants

CHRISTIE REFUGEE WELCOME CENTRE INC.
Statement of Financial Position

As at December 31,		2017		2016 (note 11)
Assets				
Current				
Cash	$	**167,701**	$	158,792
Accounts receivable		**-**		6,042
Public service body rebate receivable		**14,014**		15,986
Prepaid expenses		**450**		450
		182,165		181,270
Capital assets (note 3)		**2,253,040**		2,250,582
	$	**2,435,205**	$	2,431,852
Liabilities and Fund Balances				
Current				
Bank indebtedness (note 5(a))	$	**130,000**	$	90,000
Accounts payable and accrued liabilities (note 4)		**44,078**		43,924
Current portion of term loan (note 5(b))		**14,064**		14,064
Deferred revenue		**85,886**		85,934
		274,028		233,922
Term loan (note 5(b))		**150,862**		165,250
Deferred capital contributions (note 6)		**668,084**		650,847
		1,092,974		1,050,019
Net assets (deficit)				
Net investment in capital assets (note 7)		**1,445,130**		1,444,088
Unrestricted		**(102,899)**		(62,255)
		1,342,231		1,381,833
	$	**2,435,205**	$	2,431,852

See accompanying notes to financial statements.

On behalf of the Board:

________________________________ Director

________________________________ Director

CHRISTIE REFUGEE WELCOME CENTRE INC.
Statement of Revenue and Expenditures

Years ended December 31,	2017	2016 (note 11)
Revenue		
City of Toronto:		
Per diem allowance	**$ 1,342,767**	$ 1,243,581
Housing Help Funding	**145,729**	138,590
	1,488,496	1,382,171
Grants	**96,442**	111,135
Donations from the public	**65,593**	52,838
Government of Canada	**5,257**	7,710
Other	**2,831**	3,600
	1,658,619	1,557,454
Expense		
Salaries and benefits	**1,133,943**	1,031,160
Materials and services	**142,206**	109,168
Food services	**117,693**	129,268
Resident needs	**67,998**	95,898
Building maintenance and services	**53,710**	35,567
Utilities	**49,746**	55,545
Transportation and communication	**29,505**	28,409
Insurance	**25,221**	24,945
Interest and bank charges	**12,236**	12,930
Other	**12,049**	13,467
	1,644,307	1,536,357
Excess of revenue over expense for the year before undernoted items	**14,312**	21,097
Amortization of deferred capital contributions	**72,163**	67,011
Amortization of capital assets	**(126,077)**	(120,021)
Deficiency of revenue over expense for the year	**$ (39,602)**	$ (31,913)

See accompanying notes to financial statements.

CHRISTIE REFUGEE WELCOME CENTRE INC.

Statement of Changes in Net Assets

Year ended December 31,	Net investment in capital assets	Unrestricted	2017	2016
Balance, beginning of year	$ 1,444,088	$ (62,255)	$ 1,381,833	$ 1,413,746
Excess (deficiency) of revenue over expense	(53,914)	14,312	(39,602)	(31,913)
Net change in investment in capital assets	54,956	(54,956)	-	-
Balance, end of year	$ 1,445,130	$ (102,899)	$ 1,342,231	$ 1,381,833

See accompanying notes to financial statements.

CHRISTIE REFUGEE WELCOME CENTRE INC.
Statements of Cash Flows

Year ended December 31,		2017		2016 (note 11)
Cash provided (used) by operating activities:				
Deficiency of revenue over expense for the year	$	**(39,602)**	$	(31,913)
Items not requiring an outlay of cash:				
Amortization of deferred capital contributions		**(72,163)**		(67,011)
Amortization of capital assets		**126,077**		120,021
		14,312		21,097
Net change in non-cash working capital balances:				
Accounts receivable		**6,042**		13,141
Public service body rebate receivable		**(1,972)**		(5,409)
Prepaid expenses		**-**		2,350
Accounts payable and accrued liabilities		**154**		16,432
Deferred revenue		**(48)**		(13,582)
		8,120		23,750
Net cash provided by operating activities		**22,432**		44,847
Cash provided (used) by investing and financing activities:				
Deferred capital contributions		**89,400**		45,687
Repayment of long term debt		**(14,388)**		(14,387)
Bank indebtedness		**40,000**		35,000
Purchase of capital assets		**(128,535)**		(23,682)
Net cash provided (used) by investing and financing activities		**(13,523)**		42,618
Increase in cash		**8,909**		87,465
Cash, beginning of year		**158,792**		71,327
Cash, end of year	$	**167,701**	$	158,792

See accompanying notes to financial statements.

1 Organization

Christie Refugee Welcome Centre Inc. (the "Centre") is a Christian, non-profit, charitable organization serving and advocating for refugee families. Following Christ's example, the Centre serves people through the ownership and operation of a shelter in Toronto, providing temporary housing and follow-up support to refugee claimants regardless of race, religion or gender.

The Centre was previously incorporated under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act in October 2014. Accordingly, the Centre is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, except as described below, and include the following significant accounting policies:

(a) Cash

Cash includes cash on hand and deposits in the bank.

(b) Capital assets

The Centre records capital assets at cost. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statement of revenue and expense when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases. As at December 31, 2017, no such impairment exists.

Capital assets are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

Buildings and building improvements	6.7%
Information systems	33.0%
Furniture and fixtures	10.0%
Telephone and fax	20.0%
Playground	10.0%

(c) Revenue recognition

The Centre follows the deferral method of accounting for contributions which include grants and donations.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

2 Significant accounting policies (continued)

(d) Financial instruments

(i) Measurement

The Centre initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities and term loan.

(ii) Impairment

At the end of each reporting period, the Centre assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Centre. When there is an indication of impairment, the Centre determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Centre identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following: i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset; ii) the amount that could be realized by selling the asset at the statement of financial position date; and iii) the amount the Centre expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of revenue and expenditures.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of revenue and expenditures in the period the reversal occurs.

(iii) Transaction costs

Transaction costs are recognized in the statement of revenue and expenditures in the period incurred, except for financial instruments that will be subsequently measured at amortized cost. Transaction costs associated with the acquisition and disposal of fixed income investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal.

(e) Management 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. All estimates are reviewed periodically and adjustments are made to the statement of revenue and expense as appropriate in the year they become known.

3 Capital assets

As at December 31,			**2017**	2016
	Cost	**Accumulated amortization**	**Net book value**	Net book value
Land	**$ 1,125,000**	**$ -**	**$ 1,125,000**	$ 1,125,000
Buildings and building improvements	**3,212,314**	**2,283,748**	**928,566**	1,062,333
Information systems	**62,963**	**62,963**	**-**	-
Furniture and fixtures	**232,156**	**175,347**	**56,809**	63,249
Telephone and fax	**16,587**	**16,587**	**-**	-
Playground	**150,174**	**7,509**	**142,665**	-
	$ 4,799,194	**$ 2,546,154**	**$ 2,253,040**	$ 2,250,582

4 Accounts payable and accrued liabilities

As at December 31,	**2017**	2016
Trade payables and accrued liabilities	**$ 31,053**	$ 33,147
Payroll related accruals	**13,025**	10,777
	$ 44,078	$ 43,924

5 Credit facilities

(a) Bank indebtedness

The Centre has an operating line of credit facility available up to $175,000. The revolving credit facility bears interest at the bank's prime rate plus 1.5% per annum. At December 31, 2017, $130,000 (2016 - $90,000) was drawn.

(b) Term loan

On April 22, 2014, the Centre signed a financing agreement which was amended on August 28, 2014. The former reducing demand loan was converted to a floating rate 5-year term loan, authorized up to $210,801 and amortized over 15 years. The loan bears interest at the bank's prime rate plus 1.50% per annum and is repayable in monthly installments of $1,172 plus interest. The term loan matures in July 2019. At December 31, 2017, $164,926 (2016 - $179,314) is outstanding on the loan.

Minimum required principal payments on the floating term loan in each of the next two years are as follows:

2018	$ 14,064
2019	150,862

Both facilities are secured by a General Security Agreement, a collateral mortgage on 39-49 Christie Street in the amount of $2,480,000 and an assignment of fire insurance.

6 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations for the purchase of capital assets and contributed capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of revenue and expenditures.

As at December 31,	**2017**	2016
Balance, beginning of year	**$ 650,847**	$ 672,171
Additional contributions received	**89,400**	45,687
Less: amounts amortized to revenue	**(72,163)**	(67,011)
Balance, end of year	**$ 668,084**	$ 650,847

Included in deferred revenue is $25,100 (2016 - $23,667) in unspent funding.

7 Investment in capital assets

(a) Net investment in capital assets is calculated as follows:

Year ended at December 31,	**2017**	2016
Capital assets	**$ 2,253,040**	$ 2,250,582
Amounts financed by deferred capital contributions, net of unspent amounts	**(642,984)**	(627,180)
Term loan	**(164,926)**	(179,314)
Balance, end of year	**$ 1,445,130**	$ 1,444,088

(b) Net change in investment in capital assets is calculated as follows:

Year ended at March 31,	**2017**	2016
Deficiency of revenue over expenditures:		
Amortization of capital assets	**$ 126,077**	$ 120,021
Amortization of deferred capital contributions	**72,163**	67,011
	$ 198,240	$ 187,032
Net change in investment in capital assets:		
Purchase of capital assets	**$ 128,535**	$ 23,682
Amounts funded by deferred capital contributions	**(87,967)**	(22,020)
Accounts payable and accrued liabilities	**-**	520
Term loan	**14,388**	14,387
Balance, end of year	**$ 54,956**	$ 16,569

8 Employee benefits

The Centre operates a defined contribution pension plan. The assets of the plan are held separately from those of the Centre in an independently administered fund by CCCC Pension. The contribution expensed by the Centre for the year amounted to $32,932 (2016 - $26,928)

9 Economic dependence

The Centre recorded $1,488,496 (2016 - $1,382,171) in revenue related to funding from the City of Toronto. This funding represents approximately 90% (2016 - 89%) of total revenue. In management's opinion, the Centre's continuing operations are dependent on the continuance of these grants.

10 Financial instruments

The Centre is exposed to various risks through its financial instruments. The following analysis provides a measure of the Centre's risk exposure and concentrations. The financial instruments and the nature of the risks to which they may be subject are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Centre is exposed to credit risk through its cash and accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet a demand for cash or fund its obligations as they come due. The Centre meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and maintaining a line of credit facility.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

The Centre is not exposed to currency risk or other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Centre's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Centre manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis.

The Centre is also exposed to interest rate risk through its variable rate term loan and overdraft facility.

Changes in risk

There have been no changes in the Centre's risk exposures from the prior year.

11 Comparative figures

Certain comparative figures in the statement of financial position have been recast to conform with the financial statement presentation adopted in the current year.