

Financial statements of

**CHRISTIE REFUGEE WELCOME CENTRE INC.**

December 31, 2018

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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the financial statements of Christie Refugee Welcome Centre Inc. ("the Centre"), which comprise the statement of financial position as at December 31, 2018, and the statements of revenue and expenditures, 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2018, 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 Centre 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.

### Information Other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Centre but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The annual report is expected to be made available to us after the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

### 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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 these financial statements.

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 Centre'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 doubt on the Centre'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 Centre 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  
April 15, 2019



**Licensed Public Accountants**

**CHRISTIE REFUGEE WELCOME CENTRE INC.**  
**Statement of Financial Position**

As at December 31,	2018	2017
<b>Assets</b>		
Current		
Cash	\$ 171,118	\$ 167,701
Accounts receivable	21,957	-
Public service body rebate receivable	13,239	14,014
Prepaid expenses	1,443	450
	<b>207,757</b>	182,165
Capital assets (note 3)	<b>2,125,879</b>	2,253,040
	<b>\$ 2,333,636</b>	<b>\$ 2,435,205</b>
<b>Liabilities and Fund Balances</b>		
Current		
Bank indebtedness (note 5(a))	\$ -	\$ 130,000
Accounts payable and accrued liabilities (note 4)	54,262	44,078
Current portion of term loan (note 5(b))	150,539	14,064
Deferred revenue	142,049	85,886
	<b>346,850</b>	274,028
Term loan (note 5(b))	-	150,862
Deferred capital contributions (note 6)	619,341	668,084
	<b>966,191</b>	1,092,974
Net assets (deficit)		
Net investment in capital assets (note 7)	1,405,098	1,445,130
Unrestricted	(37,653)	(102,899)
	<b>1,367,445</b>	1,342,231
	<b>\$ 2,333,636</b>	<b>\$ 2,435,205</b>

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,	2018	2017
<b>Revenue</b>		
City of Toronto:		
Per diem allowance	\$ 1,369,622	\$ 1,342,767
Housing Help Funding	145,734	145,729
	<b>1,515,356</b>	1,488,496
Grants	217,719	96,442
Donations from the public	110,419	65,593
Government of Canada	6,845	5,257
Other	4,738	2,831
	<b>1,855,077</b>	1,658,619
<b>Expense</b>		
Salaries and benefits	1,261,265	1,133,943
Materials and services	147,062	142,206
Food services	110,595	117,693
Resident needs	66,662	67,998
Building maintenance and services	57,526	53,710
Utilities	54,294	49,746
Transportation and communication	26,284	29,505
Insurance	23,138	25,221
Other	15,204	12,049
Interest and bank charges	13,414	12,236
	<b>1,775,444</b>	1,644,307
Excess of revenue over expense for the year before undernoted items	79,633	14,312
Amortization of deferred capital contributions	79,368	72,163
Amortization of capital assets	(133,787)	(126,077)
Excess (deficiency) of revenue over expense for the year	\$ 25,214	\$ (39,602)

See accompanying notes to financial statements.

**CHRISTIE REFUGEE WELCOME CENTRE INC.**

## Statement of Changes in Net Assets

<b>Year ended December 31,</b>	<b>Net investment in capital assets</b>	<b>Unrestricted</b>	<b>2018</b>	<b>2017</b>
Balance, beginning of year	\$ 1,445,130	\$ (102,899)	\$ 1,342,231	\$ 1,381,833
Excess (deficiency) of revenue over expense	(54,419)	79,633	25,214	(39,602)
Net change in investment in capital assets	14,387	(14,387)	-	-
Balance, end of year	\$ 1,405,098	\$ (37,653)	\$ 1,367,445	\$ 1,342,231

See accompanying notes to financial statements.

**CHRISTIE REFUGEE WELCOME CENTRE INC.**  
**Statements of Cash Flows**

Year ended December 31,	2018	2017
Cash provided (used) by operating activities:		
Deficiency of revenue over expense for the year	\$ 25,214	\$ (39,602)
Items not requiring an outlay of cash:		
Amortization of deferred capital contributions	(79,368)	(72,163)
Amortization of capital assets	133,787	126,077
	<b>79,633</b>	<b>14,312</b>
Net change in non-cash working capital balances:		
Accounts receivable	(21,957)	6,042
Public service body rebate receivable	775	1,972
Prepaid expenses	(993)	-
Accounts payable and accrued liabilities	10,184	154
Deferred revenue	56,163	(48)
	<b>44,172</b>	<b>8,120</b>
<b>Net cash provided by operating activities</b>	<b>123,805</b>	<b>22,432</b>
Cash provided (used) by investing and financing activities:		
Deferred capital contributions	30,625	89,400
Repayment of long term debt	(14,387)	(14,388)
Bank indebtedness	(130,000)	40,000
Purchase of capital assets	(6,626)	(128,535)
<b>Net cash used by investing and financing activities</b>	<b>(120,388)</b>	<b>(13,523)</b>
Increase in cash	3,417	8,909
Cash, beginning of year	167,701	158,792
<b>Cash, end of year</b>	<b>\$ 171,118</b>	<b>\$ 167,701</b>

See accompanying notes to financial statements.

# CHRISTIE REFUGEE WELCOME CENTRE INC.

Notes to the Financial Statements

December 31, 2018

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## 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, 2018, 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.

# CHRISTIE REFUGEE WELCOME CENTRE INC.

Notes to the Financial Statements

December 31, 2018

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## 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.

# CHRISTIE REFUGEE WELCOME CENTRE INC.

Notes to the Financial Statements

December 31, 2018

## 3 Capital assets

As at December 31,	2018			2017
	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	2,395,878	816,436	928,566
Information systems	62,963	62,963	-	-
Furniture and fixtures	238,782	181,987	56,795	56,809
Telephone and fax	16,587	16,587	-	-
Playground	150,174	22,526	127,648	142,665
	<b>\$ 4,805,820</b>	<b>\$ 2,679,941</b>	<b>\$ 2,125,879</b>	<b>\$ 2,253,040</b>

## 4 Accounts payable and accrued liabilities

As at December 31,	2018		2017
Trade payables and accrued liabilities	\$ 33,808	\$	31,053
Payroll related accruals	20,454		13,025
	<b>\$ 54,262</b>	<b>\$</b>	<b>44,078</b>

## 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, 2018, \$Nil (2017 - \$130,000) 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, 2018, \$150,539 (2017 - \$164,926) is outstanding on the loan.

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.

## CHRISTIE REFUGEE WELCOME CENTRE INC.

Notes to the Financial Statements

December 31, 2018

### 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,	2018	2017
Balance, beginning of year	\$ 668,084	\$ 650,847
Additional contributions received	30,625	89,400
Less: amounts amortized to revenue	(79,368)	(72,163)
Balance, end of year	\$ 619,341	\$ 668,084

Included in deferred capital contributions is \$53,477 (2017 - \$25,100) in unspent funding.

### 7 Investment in capital assets

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

Year ended at December 31,	2018	2017
Capital assets	\$ 2,125,879	\$ 2,253,040
Amounts financed by deferred capital contributions, net of unspent amounts	(570,242)	(642,984)
Term loan	(150,539)	(164,926)
Balance, end of year	\$ 1,405,098	\$ 1,445,130

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

Year ended at March 31,	2018	2017
Deficiency of revenue over expenditures:		
Amortization of capital assets	\$ (133,787)	\$ (126,077)
Amortization of deferred capital contributions	79,368	72,163
	\$ (54,419)	\$ (53,914)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 6,626	\$ 128,535
Amounts funded by deferred capital contributions	(6,626)	(87,967)
Term loan	14,387	14,388
Balance, end of year	\$ 14,387	\$ 54,956

### 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 \$31,760 (2017 - \$32,932)

### 9 Economic dependence

The Centre recorded \$1,515,356 (2017 - \$1,488,496) in revenue related to funding from the City of Toronto. This funding represents approximately 82% (2017 - 90%) of total revenue. In management's opinion, the Centre's continuing operations are dependent on the continuance of these grants.

## **CHRISTIE REFUGEE WELCOME CENTRE INC.**

Notes to the Financial Statements

December 31, 2018

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### **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.