

COMPASS REFUGEE CENTRE INC.
(FORMERLY MENNONITE COALITION FOR
REFUGEE SUPPORT) >

financial statements

>YEAR ENDED SEPTEMBER 30, 2021

COMPASS REFUGEE CENTRE INC. (FORMERLY MENNONITE
COALITION FOR REFUGEE SUPPORT)>

financial statements

>YEAR ENDED SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Compass Refugee Centre Inc. (formerly Mennonite Coalition for Refugee Support):

Qualified Opinion

We have audited the financial statements of Compass Refugee Centre Inc. (formerly Mennonite Coalition for Refugee Support), the "Charity", which comprise the statement of financial position as at September 30, 2021, and the statements of operations, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at September 30, 2021, 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 Qualified Opinion

In common with many not-for-profit organizations, Compass Refugee Centre Inc. (formerly Mennonite Coalition for Refugee Support) derives revenue from donations from interested persons, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Compass Refugee Centre Inc. (formerly Mennonite Coalition for Refugee Support). Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donation revenues, excess of revenues over expenses, and cash flows for the years ended September 30, 2021 and September 30, 2020 and current assets and net assets as at September 30, 2021 and September 30, 2020. Our conclusion on the financial statements as at and for the year ended September 30, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 Charity in accordance with the ethical requirements that are relevant to our audit of 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity'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 Charity'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 Charity'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 Charity 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.

MAC LLP.

Waterloo, Ontario
December 11, 2021

LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS

COMPASS REFUGEE CENTRE INC. (FORMERLY MENNONITE
COALITION FOR REFUGEE SUPPORT)>

statement of financial position

>SEPTEMBER 30, 2021

	2021	2020
<i>assets</i>		
current		
Cash	\$ 196,773	\$ 161,961
Guaranteed investment certificate	10,000	10,000
Government subsidies receivable	11,409	38,565
Government remittances recoverable	5,496	6,074
Prepaid expenses	<u>339</u>	<u>-</u>
	224,017	216,600
capital assets (Note 3)	<u>14,774</u>	<u>19,405</u>
	<u>\$ 238,791</u>	<u>\$ 236,005</u>
<i>liabilities</i>		
current		
Accounts payable and accrued liabilities	\$ 14,263	\$ 5,849
Deferred revenue (Note 4)	<u>25,678</u>	<u>20,344</u>
	39,941	26,193
commitments (Note 5)		
<i>net assets</i>		
Unrestricted net assets	<u>198,850</u>	<u>209,812</u>
	<u>\$ 238,791</u>	<u>\$ 236,005</u>

Approved on behalf of the board:

Director

Director

COMPASS REFUGEE CENTRE INC. (FORMERLY MENNONITE
COALITION FOR REFUGEE SUPPORT)>

statement of changes in net assets

>YEAR ENDED SEPTEMBER 30, 2021

	2021	2020
balance, beginning of year	\$ 209,812	\$ 149,101
Deficiency of revenue over expense for year	<u>(10,962)</u>	<u>60,711</u>
balance, end of year	\$ <u>198,850</u>	\$ <u>209,812</u>

COMPASS REFUGEE CENTRE INC. (FORMERLY MENNONITE
COALITION FOR REFUGEE SUPPORT)>

statement of operations

>YEAR ENDED SEPTEMBER 30, 2021

	2021	2020
revenue		
Undesignated donations	\$ 338,148	\$ 354,810
Grants	127,773	71,748
Fundraising	1,275	40,568
Translation fees	8,133	14,267
Other income	595	837
Government subsidies	<u>174,701</u>	<u>136,388</u>
	<u>650,625</u>	<u>618,618</u>
expenses		
Administration	164,887	136,943
Amortization	9,382	5,571
Facilities	41,078	37,418
Fundraising	74,361	60,784
Professional fees	15,408	12,379
Programs	<u>356,471</u>	<u>304,812</u>
	<u>661,587</u>	<u>557,907</u>
deficiency of revenue over expenses for year	\$ <u>(10,962)</u>	\$ <u>60,711</u>

COMPASS REFUGEE CENTRE INC. (FORMERLY MENNONITE
COALITION FOR REFUGEE SUPPORT)>

statement of cash flows

>YEAR ENDED SEPTEMBER 30, 2021

	2021	2020
operating activities		
Deficiency of revenue over expenses for year	\$ (10,962)	\$ 60,711
Adjustments for:		
Amortization	<u>9,382</u>	<u>5,571</u>
	<u>(1,580)</u>	<u>66,282</u>
Changes in non-cash working capital:		
Decrease in government subsidies receivable	27,156	(38,565)
Decrease in government remittances recoverable	578	(2,499)
Increase in prepaid expenses	(339)	543
Increase in accounts payable and accrued liabilities	8,413	1,354
Increase in deferred revenue	<u>5,334</u>	<u>7,355</u>
	<u>41,142</u>	<u>(31,812)</u>
investing activities		
Purchase of capital assets	(4,750)	(24,976)
Net increase in long-term investments	<u>-</u>	<u>(10,000)</u>
	<u>(4,750)</u>	<u>(34,976)</u>
Net change in cash for the year	34,812	(506)
Cash balance, beginning of year	<u>161,961</u>	<u>162,467</u>
cash balance, end of year	<u>\$ 196,773</u>	<u>\$ 161,961</u>

notes to financial statements

>SEPTEMBER 30, 2021

1. purpose of organization

The mission of Compass Refugee Centre Inc. (formerly Mennonite Coalition for Refugee Support), the "Charity", is to provide assistance with the refugee claim process, while accessing a network of settlement support, building communities of mutual support and advocating for a fair and just environment for refugees in Canada. The Charity operates in Kitchener, Ontario and it is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity for Canadian Income Tax purposes.

2. significant accounting policies

Basis of Accounting - These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition - The Charity follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received. Restricted contributions are recognized as revenue when the expense is incurred.

Grants are recognized as revenue when the relate expense is incurred. Fundraising revenue is recognized when the related event takes place. Translation fees are recognized when the service is provided. Government subsidies are recognized over the period earned.

Financial Instruments

Measurement - The Charity initially measures its financial assets and liabilities at fair value. The Charity subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

The Charity has not designated any financial asset or liability to be measured at fair value.

Impairment - Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized as operating cost. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized as income from operations.

Transaction costs - The Charity recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

COMPASS REFUGEE CENTRE INC. (FORMERLY MENNONITE
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notes to financial statements

>SEPTEMBER 30, 2021

Capital Assets - Normal recurring expenditures for property, plant and equipment are recorded as expenses in the year of purchase.

Asset	Method	Rate
Computer equipment	Reducing balance	55 %
Furniture and fixtures	Reducing balance	20 %

Contributed Materials and Services - The Charity is dependent upon many hours of service contributed by volunteers. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

Allocation of expenses - The Charity allocates the salaries and benefits expense based on time spent on each program.

Disclosure and Use of Estimates - The preparation of financial statements in accordance 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Estimates are used when accounting for certain items such as revenues, useful lives of capital assets, asset impairments and evaluation of minimum lease terms for operating leases.

3. capital assets

	cost	accumulated amortization	net 2021	net 2020
Computer equipment	\$ 21,095	\$ 12,666	\$ 8,429	\$ 12,290
Furniture and fixtures	<u>8,632</u>	<u>2,287</u>	<u>6,345</u>	<u>7,115</u>
	<u>\$ 29,727</u>	<u>\$ 14,953</u>	<u>\$ 14,774</u>	<u>\$ 19,405</u>

4. deferred revenue

Deferred revenue represents unspent resources restricted by the donor. Changes in the deferred revenue are as follows:

	2021	2020
Balance, beginning of year	\$ 20,344	\$ 12,989
Amounts received during the year	96,916	50,000
Amounts recognized as revenue in the year	<u>(91,582)</u>	<u>(42,645)</u>
Balance, end of year	<u>\$ 25,678</u>	<u>\$ 20,344</u>

notes to financial statements

>SEPTEMBER 30, 2021

5. commitments

The Charity is obligated under rental agreements for the premises from which it operates. This lease expires in 2025 and the future minimum lease payments under this contract are as follows:

2022	\$	71,000
2023	\$	78,000
2024	\$	78,000
2025	\$	13,000

6. allocation of personnel cost

The Charity allocated the salaries and benefits expense based on time spent on the programs as follows:

	2021	2020
Administration	\$ 112,403	\$ 105,030
Fundraising	68,913	54,008
Programs	<u>265,564</u>	<u>225,372</u>
	<u>\$ 446,880</u>	<u>\$ 384,410</u>

7. change in legal name

The Charity amended its Letters Patent to reflect a change in their legal name to " Compass Refugee Centre Inc." as of November 9, 2020.

8. uncertainty due to global pandemic

The impact of COVID-19 in Canada and the global economy has been significant since March 2020 and subsequent to the year end. This has resulted in emergency measures to combat the spread of the virus. As part of these measures, the Charity shifted to virtual platform for service delivery and expanded the services to meet the needs of those they support.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the business disruption and the related financial impact cannot be reasonably estimated at this time.

9. financial instruments

Risk Management - The significant risk to which the Charity is exposed is liquidity risk. There has been no change to the risk exposures from the prior year.

Liquidity Risk - Liquidity risk is the risk that the Charity will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Charity's cash requirements.