

COMPASS REFUGEE CENTRE INC. >

financial statements

>YEAR ENDED SEPTEMBER 30, 2022

MAC LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

COMPASS REFUGEE CENTRE INC.>

financial statements

>YEAR ENDED SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Compass Refugee Centre Inc.:

Qualified Opinion

We have audited the financial statements of Compass Refugee Centre Inc., the "Charity", which comprise the statement of financial position as at September 30, 2022, 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, 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 Qualified Opinion

In common with many not-for-profit organizations, Compass Refugee Centre Inc. 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. 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, 2022 and September 30, 2021 and current assets and net assets as at September 30, 2022 and September 30, 2021. Our conclusion on the financial statements as at and for the year ended September 30, 2022 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
January 21, 2023

LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS

COMPASS REFUGEE CENTRE INC.>
**statement of
 financial position**

>SEPTEMBER 30, 2022

	2022	2021
<i>assets</i>		
current		
Cash	\$ 65,078	\$ 196,773
Guaranteed investment certificate	10,000	10,000
Government subsidies receivable	-	11,409
Government remittances recoverable	7,729	5,496
Prepaid expenses	<u>6,956</u>	<u>339</u>
	89,763	224,017
non-current		
Capital assets (Note 3)	<u>14,904</u>	<u>14,774</u>
	<u>\$ 104,667</u>	<u>\$ 238,791</u>
<i>liabilities</i>		
current		
Accounts payable and accrued liabilities	\$ 5,502	\$ 14,263
Deferred revenue (Note 4)	<u>5,766</u>	<u>25,678</u>
	11,268	39,941
commitments (Note 5)		
<i>net assets</i>		
Unrestricted net assets	<u>93,399</u>	<u>198,850</u>
	<u>\$ 104,667</u>	<u>\$ 238,791</u>

Approved on behalf of the board:

 Director

 Director

COMPASS REFUGEE CENTRE INC.>

statement of changes in net assets

>YEAR ENDED SEPTEMBER 30, 2022

	2022	2021
balance, beginning of year	\$ 198,850	\$ 209,812
Deficiency of revenue over expense for year	<u>(105,451)</u>	<u>(10,962)</u>
balance, end of year	\$ <u>93,399</u>	\$ <u>198,850</u>

COMPASS REFUGEE CENTRE INC.>

statement of operations

>YEAR ENDED SEPTEMBER 30, 2022

	2022	2021
revenue		
Undesignated donations	\$ 388,211	\$ 338,148
Grants	138,690	127,773
Fundraising	5,342	1,275
Translation fees	700	8,133
Other income	555	595
Government subsidies	<u>7,603</u>	<u>174,701</u>
	<u>541,101</u>	<u>650,625</u>
expenses		
Administration	170,903	164,887
Amortization	7,811	9,382
Facilities	69,373	41,078
Fundraising	83,946	74,361
Professional fees	18,191	15,408
Programs	<u>296,328</u>	<u>356,471</u>
	<u>646,552</u>	<u>661,587</u>
deficiency of revenue over expenses for year	<u>\$ (105,451)</u>	<u>\$ (10,962)</u>

statement of cash flows

>YEAR ENDED SEPTEMBER 30, 2022

	2022	2021
operating activities		
Deficiency of revenue over expenses for year	\$ (105,451)	\$ (10,962)
Adjustments for:		
Amortization	<u>7,811</u>	<u>9,382</u>
	<u>(97,640)</u>	<u>(1,580)</u>
Changes in non-cash working capital:		
Government subsidies receivable	11,409	27,156
Government remittances recoverable	(2,233)	578
Prepaid expenses	(6,617)	(339)
Accounts payable and accrued liabilities	(8,761)	8,413
Deferred revenue	<u>(19,912)</u>	<u>5,334</u>
	<u>(26,114)</u>	<u>41,142</u>
investing activities		
Purchase of capital assets	<u>(7,941)</u>	<u>(4,750)</u>
Net change in cash for the year	(131,695)	34,812
Cash balance, beginning of year	<u>196,773</u>	<u>161,961</u>
cash balance, end of year	<u><u>\$ 65,078</u></u>	<u><u>\$ 196,773</u></u>

notes to financial statements

>SEPTEMBER 30, 2022

1. purpose of organization

The mission of Compass Refugee Centre Inc., 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

Initial measurement - The Charity initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Charity in the transaction.

Subsequent measurement - The Charity subsequently measures all its financial assets and financial liabilities originated or exchanged in arm's length transactions at amortized cost. Financial assets and financial liabilities originated in related party transactions are subsequently measured at cost. Any reduction for impairment is recognized in net income, in the period incurred.

Financial assets measured at amortized cost include cash and accounts receivable

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 in net income. 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 in net income.

notes to financial statements

>SEPTEMBER 30, 2022

Transaction costs - The Charity recognizes its transaction costs in net income 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.

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 2022	net 2021
Computer equipment	\$ 27,273	\$ 19,032	\$ 8,241	\$ 8,429
Furniture and fixtures	<u>10,395</u>	<u>3,732</u>	<u>6,663</u>	<u>6,345</u>
	<u>\$ 37,668</u>	<u>\$ 22,764</u>	<u>\$ 14,904</u>	<u>\$ 14,774</u>

notes to financial statements

>SEPTEMBER 30, 2022

4. deferred revenue

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

	2022	2021
Balance, beginning of year	\$ 25,678	\$ 20,344
Amounts received during the year	27,000	96,916
Amounts recognized as revenue in the year	<u>(46,912)</u>	<u>(91,582)</u>
Balance, end of year	\$ <u>5,766</u>	\$ <u>25,678</u>

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:

2023	\$ 78,000
2024	\$ 78,000
2025	\$ 26,000

6. allocation of personnel cost

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

	2022	2021
Administration	\$ 121,893	\$ 112,403
Fundraising	75,325	68,913
Programs	<u>277,279</u>	<u>265,564</u>
	\$ <u>474,497</u>	\$ <u>446,880</u>

7. 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.