

COMPASS REFUGEE CENTRE INC. >

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# financial statements

>YEAR ENDED SEPTEMBER 30, 2023

MAC LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

COMPASS REFUGEE CENTRE INC.>

# financial statements

>YEAR ENDED SEPTEMBER 30, 2023

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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, 2023, and the changes in net assets, statements of operations 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, 2023, 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, the Charity 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 the Charity. 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, 2023 and September 30, 2022 and current assets and net assets as at September 30, 2023 and September 30, 2022. Our conclusion on the financial statements as at and for the year ended September 30, 2023 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.

Waterloo, Ontario  
December 11, 2023

*MAC LLP.*  
LICENSED PUBLIC ACCOUNTANTS  
CHARTERED PROFESSIONAL ACCOUNTANTS

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

>SEPTEMBER 30, 2023

	2023	2022
<b><i>assets</i></b>		
<b>current</b>		
Cash	\$ 45,836	\$ 65,078
Guaranteed investment certificate	10,000	10,000
Amounts receivable	333	-
Government remittances recoverable	6,781	7,729
Prepaid expenses	<u>7,193</u>	<u>6,956</u>
	70,143	89,763
<b>non-current</b>		
Capital assets (Note 3)	<u>8,259</u>	<u>14,904</u>
	<u>\$ 78,402</u>	<u>\$ 104,667</u>
<b><i>liabilities</i></b>		
<b>current</b>		
Accounts payable and accrued liabilities	\$ 7,946	\$ 5,502
Deferred revenue (Note 4)	<u>919</u>	<u>5,766</u>
	8,865	11,268
<b>commitments</b> (Note 5)		
<b><i>net assets</i></b>		
Unrestricted net assets	<u>69,537</u>	<u>93,399</u>
	<u>\$ 78,402</u>	<u>\$ 104,667</u>

Approved on behalf of the board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

COMPASS REFUGEE CENTRE INC.>

# statement of changes in net assets

>YEAR ENDED SEPTEMBER 30, 2023

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	2023	2022
<b>balance, beginning of year</b>	\$ 93,399	\$ 198,850
Deficiency of revenue over expense for year	<u>(23,862)</u>	<u>(105,451)</u>
<b>balance, end of year</b>	\$ <u>69,537</u>	\$ <u>93,399</u>

# statement of operations

>YEAR ENDED SEPTEMBER 30, 2023

	2023	2022
<b>revenue</b>		
Undesignated donations	\$ 493,193	\$ 388,211
Grants	125,530	138,690
Fundraising	5,070	5,342
Translation fees	1,426	700
Other income	943	555
Government subsidies	<u>3,053</u>	<u>7,603</u>
	<u>629,215</u>	<u>541,101</u>
<b>expenses</b>		
Administration	118,453	170,903
Amortization	5,526	7,811
Facilities	81,073	69,373
Fundraising	70,373	83,946
Professional fees	17,751	18,191
Programs	<u>359,901</u>	<u>296,328</u>
	<u>653,077</u>	<u>646,552</u>
<b>deficiency of revenue over expenses for year</b>	<b>\$ <u>(23,862)</u></b>	<b>\$ <u>(105,451)</u></b>

# statement of cash flows

&gt;YEAR ENDED SEPTEMBER 30, 2023

	2023	2022
<b>operating activities</b>		
Deficiency of revenue over expenses for year	\$ (23,862)	\$ (105,451)
Adjustments for:		
Amortization	<u>5,526</u>	<u>7,811</u>
	<u>(18,336)</u>	<u>(97,640)</u>
Changes in non-cash working capital:		
Amounts receivable	(333)	11,409
Government remittances recoverable	948	(2,233)
Prepaid expenses	(237)	(6,617)
Accounts payable and accrued liabilities	2,445	(8,761)
Deferred revenue	<u>(4,847)</u>	<u>(19,912)</u>
	<u>(2,024)</u>	<u>(26,114)</u>
<b>investing activities</b>		
Purchase of capital assets	<u>1,118</u>	<u>(7,941)</u>
Net change in cash for the year	(19,242)	(131,695)
Cash balance, beginning of year	<u>65,078</u>	<u>196,773</u>
<b>cash balance, end of year</b>	<b><u>\$ 45,836</u></b>	<b><u>\$ 65,078</u></b>



# notes to financial statements

>SEPTEMBER 30, 2023

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## 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 related 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, 2023

*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 2023	net 2022
Computer equipment	\$ 28,536	\$ 23,919	\$ 4,617	\$ 8,241
Furniture and fixtures	<u>4,661</u>	<u>1,019</u>	<u>3,642</u>	<u>6,663</u>
	<u>\$ 33,197</u>	<u>\$ 24,938</u>	<u>\$ 8,259</u>	<u>\$ 14,904</u>

# notes to financial statements

&gt;SEPTEMBER 30, 2023

## 4. deferred revenue

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

	2023	2022
Balance, beginning of year	\$ 5,766	\$ 25,678
Amounts received during the year	20,004	27,000
Amounts recognized as revenue in the year	<u>(24,851)</u>	<u>(46,912)</u>
Balance, end of year	\$ <u>919</u>	\$ <u>5,766</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:

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:

	2023	2022
Administration	\$ 63,518	\$ 121,893
Fundraising	56,839	75,325
Programs	<u>339,700</u>	<u>277,279</u>
	\$ <u>460,057</u>	\$ <u>474,497</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.