

REGINA TRANSITION HOUSE INC.

Financial Statements

Year Ended March 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Regina Transition House Inc. have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Regina Transition House Inc.'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility through its Finance and Audit Committee. The Committee is appointed by the board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.



Chairperson



Executive Director

Regina, SK
June 17, 2020



Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Regina Transition House Inc.

Qualified Opinion

We have audited the financial statements of Regina Transition House Inc. (the Corporation), which comprise the statement of financial position as at March 31, 2020, 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 possible 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 Corporation as at March 31, 2020 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 charitable organizations, the Corporation is unable to economically implement controls that will offer assurance on the completeness of donations and we are unable to satisfy ourselves on amounts reported using other procedures. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues (expenses), and cash flows from operations for the year ended March 31, 2020 or current assets and net assets as at March 31, 2020. Our audit opinion on the financial statements for the prior year was also modified because of the possible effects of this limitation of 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 Corporation 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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An asset to our clients, not an expense

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

MWCLLP

Chartered Professional Accountants

Regina, Saskatchewan
June 17, 2020

REGINA TRANSITION HOUSE INC.

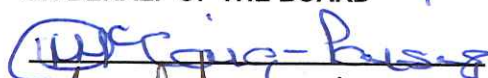

Statement of Financial Position

March 31, 2020

	Operating	Restricted	2020	2019
ASSETS				
CURRENT				
Cash	\$ 355,738	\$ -	\$ 355,738	\$ 282,997
Accounts receivable	545	-	545	-
Goods and services tax rebate	1,904	-	1,904	1,395
Prepaid expenses	16,442	-	16,442	17,989
	374,629	-	374,629	302,381
CAPITAL ASSETS (Note 4)	1,258,036	-	1,258,036	1,316,413
INVESTMENTS (Note 5)	194,354	465,000	659,354	649,213
	\$ 1,827,019	\$ 465,000	\$ 2,292,019	\$ 2,268,007
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	\$ 16,211	\$ -	\$ 16,211	\$ 18,443
Current portion of long term debt (Note 6)	11,119	-	11,119	11,003
Wages payable	51,960	-	51,960	45,066
Deferred revenue (Note 7)	18,017	-	18,017	46,345
Employee education and wellness	3,846	-	3,846	5,371
	101,153	-	101,153	126,228
LONG TERM DEBT (Note 6)	1,864	-	1,864	12,983
	103,017	-	103,017	139,211
NET ASSETS				
Unrestricted	478,949	-	478,949	371,369
Invested capital assets	1,245,053	-	1,245,053	1,292,427
Future costs	-	300,000	300,000	300,000
Building fund	-	165,000	165,000	165,000
	1,724,002	465,000	2,189,002	2,128,796
	\$ 1,827,019	\$ 465,000	\$ 2,292,019	\$ 2,268,007

CONTINGENT LIABILITY (Note 10)

ON BEHALF OF THE BOARD

 Director
 Director

See notes to financial statements

REGINA TRANSITION HOUSE INC.

Statement of Operations Year Ended March 31, 2020

	Budget	2020	2019
REVENUES			
Grant funding			
Ministry of Justice	\$ 823,000	\$ 830,469	\$ 823,350
United Way Regina	38,000	41,733	37,939
Community Initiatives Fund	25,000	30,894	-
SHC - capital improvement grant	-	9,008	-
City of Regina	27,000	27,000	27,000
Project grants	33,800	44,413	62,272
Other sources			
Donations	65,000	104,129	87,043
Fundraising	30,500	37,684	26,336
Memberships	200	210	203
Investment income	12,000	10,505	11,757
	<u>1,054,500</u>	<u>1,136,045</u>	<u>1,075,900</u>
EXPENSES			
Administrative (Schedule 1)	48,500	41,127	43,458
Building occupancy (Schedule 2)	165,700	156,746	143,075
Client supplies and services (Schedule 3)	95,800	90,493	92,773
Personnel (Schedule 4)	802,000	787,473	766,350
	<u>1,112,000</u>	<u>1,075,839</u>	<u>1,045,656</u>
EXCESS OF REVENUES (EXPENSES)	<u>\$ (57,500)</u>	<u>\$ 60,206</u>	<u>\$ 30,244</u>

See notes to financial statements

REGINA TRANSITION HOUSE INC.

Statement of Changes in Net Assets

Year Ended March 31, 2020

	2019 Balance	Excess of revenues (expenses)	Interfund transfers (Note 8)	2020 Balance
<u>Operating</u>				
Unrestricted	\$ 371,369	\$ 140,974	\$ (33,394)	\$ 478,949
Invested in capital assets	1,292,427	(89,776)	42,402	1,245,053
	<u>1,663,796</u>	<u>51,198</u>	<u>9,008</u>	<u>1,724,002</u>
<u>Restricted</u>				
Future costs	300,000	-	-	300,000
Building fund	165,000	9,008	(9,008)	165,000
	<u>465,000</u>	<u>9,008</u>	<u>(9,008)</u>	<u>465,000</u>
	<u>\$ 2,128,796</u>	<u>\$ 60,206</u>	<u>\$ -</u>	<u>\$ 2,189,002</u>
	2018 Balance	Excess of revenues (expenses)	Interfund transfers	2019 Balance
<u>Operating</u>				
Unrestricted	\$ 270,852	\$ 113,624	\$ (13,107)	\$ 371,369
Invested in capital assets	1,362,700	(83,380)	13,107	1,292,427
	<u>1,633,552</u>	<u>30,244</u>	<u>-</u>	<u>1,663,796</u>
<u>Restricted</u>				
Future costs	300,000	-	-	300,000
Building fund	165,000	-	-	165,000
	<u>465,000</u>	<u>-</u>	<u>-</u>	<u>465,000</u>
	<u>\$ 2,098,552</u>	<u>\$ 30,244</u>	<u>\$ -</u>	<u>\$ 2,128,796</u>

See notes to financial statements

REGINA TRANSITION HOUSE INC.

Statement of Cash Flows Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues (expenses)	\$ 60,206	\$ 30,244
Item not affecting cash:		
Amortization	89,776	83,380
	<u>149,982</u>	<u>113,624</u>
Changes in non-cash working capital:		
Accounts receivable	(545)	-
Accounts payable	(2,232)	4,097
Deferred revenue	(28,328)	(3,655)
Prepaid expenses	1,547	(4,625)
Goods and services tax rebate	(509)	176
Wages payable	6,894	(3,396)
Employee education and wellness	(1,525)	788
	<u>(24,698)</u>	<u>(6,615)</u>
Cash flow from operating activities	<u>125,284</u>	<u>107,009</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(31,399)	(2,218)
Reinvested earnings and purchase of investments	(10,141)	(11,467)
Cash flow used by investing activities	<u>(41,540)</u>	<u>(13,685)</u>
FINANCING ACTIVITY		
Repayment of long term debt	(11,003)	(10,889)
Cash flow used by financing activity	<u>(11,003)</u>	<u>(10,889)</u>
INCREASE IN CASH FLOW	72,741	82,435
CASH - BEGINNING OF YEAR	<u>282,997</u>	<u>200,562</u>
CASH - END OF YEAR	<u>\$ 355,738</u>	<u>\$ 282,997</u>

See notes to financial statements

REGINA TRANSITION HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2020

1. NATURE OF THE ORGANIZATION

The Regina Transition House Inc. (the "Corporation") was created under the provisions of the Non-Profit Corporation Act and is a registered charity and as such, is exempt from income taxes.

The Corporation serves the needs of women and children through the provision of safe temporary shelter and support services. They also provide education and offer a voice to address family violence.

2. ECONOMIC DEPENDENCE

The Corporation is dependent on continued grant funding from its core funding agent, the Minister of Justice (the Ministry). In the absence of this funding, the Corporation would be required to replace the funding with other sources or generate other revenues to continue operations in the current manner.

The Corporation has a three year funding agreement with the Ministry that commenced April 1, 2018 and expires March 31, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

A portion of the monies received by the Corporation may only be used for specific purposes and accordingly are accounted for in separate funds.

The following major categories of funds include:

Unrestricted Operating fund

The operating fund reflects the primary operations of the Corporation including revenues received for the provision of services from the Ministry of Justice and Attorney General. Other revenue consists of grants, donations and fundraising revenue. Expenses are for the delivery of service.

Invested in Capital Assets fund

The invested in capital assets fund consists of the book value of capital assets less related debt.

Future Costs fund

The Future costs fund has been internally restricted by the Corporation. The future costs fund has been earmarked as an emergency fund to contain up to three months operating costs.

Building fund

The building fund has been internally restricted by the Corporation for the acquisition of new property and maintenance of the existing property.

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REGINA TRANSITION HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Corporation follows the restricted fund method of accounting for contributions, which include grants, and donations. Restricted contributions are recognized as revenue in appropriate fund in the year received. 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.

Fundraising revenue and investment income are recognized in the period earned. Membership revenue is recognized when received.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight-line basis over their estimated useful lives. A full year of amortization is taken in the year of addition. Donated capital assets are recorded at their fair value at the date of contribution (if fair value can be reasonably determined.)

Land		non-depreciable
Buildings	25 years	straight-line method
Household equipment & security system	10 years	straight-line method
Playground equipment	10 years	straight-line method
Automotive	3 years	straight-line method
Computer equipment	3 years	straight-line method

Financial instruments policy

Financial instruments are classified at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Financial assets including cash and accounts receivable are reported at amortized cost. Investments are reported at fair value.

Financial liabilities including accounts payable, accrued liabilities and long term debt are measured at amortized cost.

REGINA TRANSITION HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2020

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 31,737	\$ -	\$ 31,737	\$ 31,737
Buildings	1,708,675	539,359	1,169,316	1,237,663
Household equipment & security system	106,464	65,249	41,215	44,137
Playground equipment	9,587	7,670	1,917	2,876
Automotive	33,621	33,621	-	-
Computer equipment	19,787	5,936	13,851	-
	<u>\$ 1,909,871</u>	<u>\$ 651,835</u>	<u>\$ 1,258,036</u>	<u>\$ 1,316,413</u>

5. INVESTMENTS

	2020	2019
Cash	\$ 2	\$ 4,128
Guaranteed investment certificates	548,715	534,134
Market linked guaranteed investment certificates	102,029	102,028
Bank of Montreal shares	2,132	3,044
Cash surrender value of life insurance	6,476	5,879
	<u>\$ 659,354</u>	<u>\$ 649,213</u>

Invested on behalf of the following funds:

Operating fund investments	\$ 194,354	\$ 184,213
Restricted fund investments	465,000	465,000
	<u>\$ 659,354</u>	<u>\$ 649,213</u>

Guaranteed investment certificates bear interest between 1.60% and 2.60% and mature between August 2020 and February 2023. Market linked guaranteed investment certificates - potential maximum return on investment between 22% and 32%, minimum is 0% and mature November 8, 2021.

REGINA TRANSITION HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2020

6. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
Canadian Mortgage and Housing Corporation (CMHC) loan bearing interest at 1.05% per annum, repayable in monthly blended payments of \$933. The loan matures on May 1, 2021 and is secured by a mortgage on land and building which has a carrying value of \$1,201,053 (2019 - \$1,269,400).	\$ 12,983	\$ 23,986
Amounts payable within one year	<u>(11,119)</u>	<u>(11,003)</u>
	<u>\$ 1,864</u>	<u>\$ 12,983</u>

Principal repayment terms are approximately:

2021	\$ 11,119
2022	<u>1,864</u>
	<u>\$ 12,983</u>

7. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Donation (restricted) - Whitmore Park United Church	\$ -	\$ 26,045
Grant - Community Initiative Fund	14,107	20,000
Grant - South Saskatchewan Community Foundation	<u>3,910</u>	<u>300</u>
	<u>\$ 18,017</u>	<u>\$ 46,345</u>

8. INTERFUND TRANSFERS

Transfers from the Unrestricted fund to the Invested in capital asset fund of \$42,402 include \$11,003 for the scheduled repayment of the mortgage and \$31,399 for the acquisition of capital assets. Transfers from the Building fund to the Unrestricted fund include \$9,008 from the SHC capital improvement grant.

9. PENSION

Employees participate in the Public Employee Pension Plan (PEPP), which is a multi-employer defined contribution plan. The Board's financial obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to \$27,293 (2019 - \$26,371).

REGINA TRANSITION HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2020

10. CONTINGENT LIABILITY

The Corporation has contingent liabilities related to special funding received from Saskatchewan Housing Corporation (SHC). The Corporation would be required to repay the funding to SHC if they do not meet the requirements of the funding agreement. The terms and balance remaining at year end are as follows :

	<u>2020</u>	<u>2019</u>
Saskatchewan repair and adaptation program forgivable at \$12,491 per year over 15 years commencing September 1, 2015. Unforgiven amount payable on demand at principal plus accrued interest at 6.75%.	\$ 105,129	\$ 117,620
Shelter enhancement program forgivable in full by January 1, 2021. Unforgiven amount payable on demand at principal plus accrued interest at 3.625%.	9,008	-
	<u>\$ 114,137</u>	<u>\$ 117,620</u>

Other grants received by the Corporation require the Corporation to submit final reports accounting for the usage of the grant funding provided. Upon review by the funder, should any repayment of grant funds received be required, any repayment is recorded in the year it is made known by the funder to the Corporation.

11. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments and management is responsible to monitor, evaluate and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2020.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, long-term debt, contributions to the pension plan, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Corporation is exposed to interest rate risk primarily through its fixed rate mortgage.

12. COLLECTIVE BARGAINING AGREEMENT

The Corporation employs members of the Saskatchewan Government and General Employees Union (SGEU) which has a collective bargaining agreement that expires March 31, 2021. The impact of any changes on renewal of the agreement is not determinable and is recorded in the year of settlement.

REGINA TRANSITION HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2020

13. CORRESPONDING FIGURES

The prior year's figures have been reclassified to conform to the current year's presentation which includes the reclassification of items reported in administrative, building occupancy, client supplies and services and personnel.

14. BUDGET

Budgeted figures are presented for information purposes and are not subject to audit.

15. UNCERTAINTY OF IMPACT OF COVID-19

In January 2020 the Federal Government of Canada began initiatives to reduce the transmission of a world-wide outbreak of a new strain of novel coronavirus (Covid-19). Measures included the mandatory closure of certain businesses and operations, and as a result, the Canadian economy moved into a downturn. Regina Transition House has continued to operate with additional health and safety measures implemented for clients and staff.

It is not possible to determine the full extent the impact will have on the clients, suppliers, staffing, and resulting financial position of the Corporation. The Corporation has received special grant funding available for shelters in Canada and has utilized the temporary wage subsidy available from the Federal Government to provide staff with a bonus for continuing to work in these uncertain times. As of the report date, there have been no significant financial losses since yearend.

REGINA TRANSITION HOUSE INC.

Administrative

(Schedule 1)

Year Ended March 31, 2020

	Budget	2020	2019
AGM and Board	\$ 500	\$ 1,847	\$ 1,757
Audit and legal fees	7,000	6,959	6,851
Bank service charges	500	411	499
Fundraising	10,000	5,461	1,374
Promotion and publicity	3,000	1,733	4,022
Service contracts	10,000	9,936	10,678
Staff expense	1,000	878	935
Supplies	6,500	4,754	7,864
Telephone and fax	10,000	9,148	9,478
	<u>\$ 48,500</u>	<u>\$ 41,127</u>	<u>\$ 43,458</u>

Building Occupancy

(Schedule 2)

Year Ended March 31, 2020

	Budget	2020	2019
Amortization	\$ 86,500	\$ 89,776	\$ 83,380
Insurance	11,500	9,804	9,414
Interest expense	200	189	305
Maintenance	45,500	39,001	29,248
Utilities	22,000	17,976	20,728
	<u>\$ 165,700</u>	<u>\$ 156,746</u>	<u>\$ 143,075</u>

Client Supplies and Services

(Schedule 3)

Year Ended March 31, 2020

	Budget	2020	2019
Client personal/medical supplies	\$ 1,800	\$ 1,540	\$ 1,549
Food and household supplies	45,000	42,792	39,731
Programming	28,000	26,330	34,328
Transportation	21,000	19,831	17,165
	<u>\$ 95,800</u>	<u>\$ 90,493</u>	<u>\$ 92,773</u>

See notes to financial statements

REGINA TRANSITION HOUSE INC.

Personnel

(Schedule 4)

Year Ended March 31, 2020

	Budget	2020	2019
Salaries	\$ 690,500	\$ 681,640	\$ 655,250
Employee benefits	105,000	99,202	101,259
Training and professional development	6,500	6,631	9,841
	<u>\$ 802,000</u>	<u>\$ 787,473</u>	<u>\$ 766,350</u>

See notes to financial statements