

Reaching E-Quality Employment Services Inc.
Financial Statements
Year Ended March 31, 2020

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Independent Auditor's Report

To the Board of Directors of Reaching E-Quality Employment Services Inc.

Opinion

We have audited the financial statements of Reaching E-Quality Employment Services Inc., which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2020, and its results of 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 organization 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.

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

Those charged with governance are responsible for overseeing the organization'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:

Independent Auditor's Report, continued

- 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 organization'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 organization'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 organization 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.

Winnipeg, Manitoba
September 3, 2020


Chartered Professional Accountants

Reaching E-Quality Employment Services Inc.

Statement of Financial Position

March 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash (Note 3)	\$ 115,190	\$ 166,807
Accounts receivable	86,894	12,755
GST receivable	4,524	3,023
Prepaid expenses	<u>9,617</u>	<u>4,071</u>
	216,225	186,656
Capital Assets (Note 4)	<u>33,264</u>	<u>41,581</u>
	<u><u>\$ 249,489</u></u>	<u><u>\$ 228,237</u></u>
<hr/>		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 12,405	\$ 23,982
Deferred contributions (Note 5)	<u>48,414</u>	<u>32,372</u>
	<u>60,819</u>	<u>56,354</u>
FUND BALANCES		
General Fund	59,985	36,034
Program Fund	95,421	94,268
Capital Asset Fund	<u>33,264</u>	<u>41,581</u>
	<u>188,670</u>	<u>171,883</u>
	<u><u>\$ 249,489</u></u>	<u><u>\$ 228,237</u></u>

Approved by the Board of Directors

_____ Director

_____ Director

See accompanying notes



CHARTERED PROFESSIONAL ACCOUNTANTS

Reaching E-Quality Employment Services Inc.
Statement of Operations
Year Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Employment Assistance Service, Schedule 1	\$ 542,782	\$ 574,890
RINT, Schedule 2	137,903	163,677
Co-op, Schedule 3	357,596	283,995
United Way, Schedule 4	38,347	61,102
Special project grants	7,886	32,328
Donations, fundraising and other	<u>8,071</u>	<u>6,119</u>
	<u>1,092,585</u>	<u>1,122,111</u>
EXPENSES		
Employment Assistance Service, Schedule 1	542,779	574,723
RINT, Schedule 2	137,867	164,327
Co-op, Schedule 3	357,508	283,314
United Way, Schedule 4	37,321	60,762
Administration, Schedule 5	-	1,265
Repairs and maintenance	-	3,589
Special projects	<u>323</u>	<u>28,197</u>
	<u>1,075,798</u>	<u>1,116,177</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ 16,787</u></u>	<u><u>\$ 5,934</u></u>

See accompanying notes



CHARTERED PROFESSIONAL ACCOUNTANTS

Reaching E-Quality Employment Services Inc.

Statement of Changes in Fund Balances

Year Ended March 31, 2020

	<u>General Fund</u>	<u>Program Fund</u>	<u>Capital Asset Fund</u>	<u>Total 2020</u>	<u>Total 2019</u>
BALANCE, BEGINNING OF YEAR	\$ 36,034	\$ 94,268	\$ 41,581	\$ 171,883	\$ 165,949
Excess (deficiency) of revenue over expenses	<u>23,951</u>	<u>1,153</u>	<u>(8,317)</u>	<u>16,787</u>	<u>5,934</u>
BALANCE, END OF YEAR	<u>\$ 59,985</u>	<u>\$ 95,421</u>	<u>\$ 33,264</u>	<u>\$ 188,670</u>	<u>\$ 171,883</u>

See accompanying notes



CHARTERED PROFESSIONAL ACCOUNTANTS

Reaching E-Quality Employment Services Inc.

Statement of Cash Flows

Year Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 16,787	\$ 5,934
Item not affecting cash:		
Amortization	<u>8,316</u>	<u>8,279</u>
	25,103	14,213
Change in non-cash working capital items		
Accounts receivable	(74,139)	(12,755)
GST receivable	(1,501)	(1,243)
Prepaid expenses	(5,546)	2,273
Accounts payable and accrued liabilities	(11,576)	2,180
Deferred contributions	<u>16,042</u>	<u>(22,997)</u>
	(51,617)	(18,329)
INVESTING ACTIVITY		
Purchase of capital assets	<u>-</u>	<u>(16,934)</u>
DECREASE IN CASH	(51,617)	(35,263)
CASH, BEGINNING OF YEAR	<u>166,807</u>	<u>202,070</u>
CASH, END OF YEAR	<u>\$ 115,190</u>	<u>\$ 166,807</u>

See accompanying notes



CHARTERED PROFESSIONAL ACCOUNTANTS

Reaching E-Quality Employment Services Inc.

Notes to the Financial Statements

March 31, 2020

1. Nature of operations

Reaching E-Quality Employment Services Inc. is engaged in providing employment-related services to individuals with disabilities in Winnipeg, Manitoba. The organization is incorporated without share capital under the laws of Manitoba and, as a registered charity under the Canadian Income Tax Act, is not subject to income taxes.

2. Accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

(a) Capital assets

Capital assets are recorded at cost and are being amortized over their estimated useful lives on a declining balance method. The annual amortization rates are as follows:

Equipment	20%
Leasehold improvements	20%
Signs	20%

(b) Government assistance

Government and other grants related to capital assets are accounted for as deferred government assistance and amortized on the same basis as the related capital assets.

(c) Fund accounting

The organization follows the deferral method of accounting for contributions.

The General Fund accounts for the organization's administrative, charitable and fundraising activities. This fund reports unrestricted contributions.

The Program Fund reports the organization's program delivery. This fund reports externally restricted contributions, such as program grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets.

Reaching E-Quality Employment Services Inc.

Notes to the Financial Statements

March 31, 2020

2. Accounting policies, continued

(d) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

(e) Contributed services

Contributed materials used in the normal course of the organization's operations and would otherwise have been purchased are recorded in the statement of operations at fair value at the date of contribution if fair value can be reasonably estimated.

Volunteers contribute several hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) Financial instruments

The organization's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

(g) Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates.

3. Cash

The organization has an operating facility with the Royal Bank of Canada which has an aggregate limit of \$55,000, with interest payable at the rate of prime plus 1% (effective rate of 4% at March 31, 2020). This facility was not used at year end.

Reaching E-Quality Employment Services Inc.

Notes to the Financial Statements

March 31, 2020

4. Capital assets

	2020		2019	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Equipment	\$ 189,356	\$ 156,092	\$ 189,356	\$ 147,775
Leasehold improvements	110,919	110,919	110,919	110,919
Signs	7,011	7,011	7,011	7,011
	<u>307,286</u>	<u>274,022</u>	<u>307,286</u>	<u>265,705</u>
Net book value	<u>\$ 33,264</u>		<u>\$ 41,581</u>	

5. Deferred contributions

Deferred contributions reported in the Program Fund represent restricted program funding received in the current year that is related to expenses to be incurred in subsequent years.

	2020	2019
Special projects	\$ 1,372	\$ 1,839
RINT	41,942	30,533
CO-OP	5,100	-
	<u>\$ 48,414</u>	<u>\$ 32,372</u>

6. Lease commitment

The organization leases its premises under an agreement that expires July 31, 2022. The monthly minimum rent was \$3,917 from April 1, 2019 to March 31, 2020. Future minimum lease payments, exclusive of operating costs, property taxes and GST, are as follows:

2021	\$ 47,000
2022	48,567
2023	16,450
	<u>\$ 112,017</u>

The organization leases equipment under an agreement that expires July 31, 2023. The quarterly payment is \$297, plus applicable taxes. Future lease payments are as follows:

2021	\$ 1,188
2022	1,188
2023	1,188
2024	297
	<u>\$ 3,861</u>

Reaching E-Quality Employment Services Inc.

Notes to the Financial Statements

March 31, 2020

7. Endowment Fund

During 2003, the organization established the REES Endowment Fund ("The Fund") with an initial contribution of \$14,800. The funds are held in perpetuity with, and managed by, The Winnipeg Foundation with the organization being the only beneficiary of the Fund. Investment income earned on the Fund may be used by the organization at its discretion.

The approximate fair market value of the Fund as at March 31, 2020 was \$79,659 (\$87,706 at March 31, 2019).

8. Economic dependence

Reaching E-Quality Employment Services Inc. is economically dependent upon the Province of Manitoba and Government of Canada for funding its continued operations and programs.

9. Administration Allocation

The organization allocates administration expenses amongst its projects based on usage.

Reaching E-Quality Employment Services Inc.
Schedule of Employment Assistance Service
Year Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Province of Manitoba	<u>\$ 542,782</u>	<u>\$ 574,890</u>
EXPENSES		
Equipment	1,126	1,029
Insurance	7,462	7,130
Materials	11,597	11,579
Office	498	1,076
Professional fees	10,094	9,401
Rent	63,090	53,068
Salaries and benefits	421,182	474,246
Staff accommodations	4,325	6,378
Staff development	15,797	554
Staff travel	859	3,187
Telephone	<u>6,749</u>	<u>7,075</u>
	<u>542,779</u>	<u>574,723</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ 3</u></u>	<u><u>\$ 167</u></u>

Reaching E-Quality Employment Services Inc.

Schedule of RINT

Year Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Government of Canada	<u>\$ 137,903</u>	<u>\$ 163,677</u>
EXPENSES		
Advertising & promotion	523	6,515
Insurance	1,600	2,167
Materials	4,115	6,190
Memberships	-	243
Participant salaries and benefits	54,704	47,347
Printing & Photocopying	216	13
Professional development	-	356
Rent	16,502	42,369
Salaries and benefits	59,150	57,210
Telephone and office	<u>1,057</u>	<u>1,917</u>
	<u>137,867</u>	<u>164,327</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u><u>\$ 36</u></u>	<u><u>\$ (650)</u></u>

Reaching E-Quality Employment Services Inc.

Schedule of Co-op

Year Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Province of Manitoba	<u>\$ 357,596</u>	<u>\$ 283,995</u>
EXPENSES		
Bank charges and interest	25	862
Advertising & Promotion	1,665	1,699
Insurance	1,257	1,225
Materials and supplies	3,970	2,861
Memberships and dues	323	-
Office and rental	26,643	30,437
Participant salaries and benefits	15,574	8,694
Postage and courier	95	690
Professional development	144	-
Professional fees	9,454	3,360
Telephone and internet	1,444	1,482
Travel	5,844	3,337
Wages and benefits	<u>291,070</u>	<u>228,667</u>
	<u>357,508</u>	<u>283,314</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ 88</u></u>	<u><u>\$ 681</u></u>

Reaching E-Quality Employment Services Inc.

Schedule of United Way

Year Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
United Way	\$ 38,347	\$ 58,502
Donations	<u>-</u>	<u>2,600</u>
	<u>38,347</u>	<u>61,102</u>
EXPENSES		
Salaries and benefits	14,225	21,715
Advertising & promotion	-	6,359
Amortization	8,316	-
Bank charges and interest	-	80
Interest and bank charges	830	-
Lunch and food	127	-
Materials & supplies	2,568	762
Memberships and dues	342	-
Office	844	111
Participant salaries and benefits	7,914	14,807
Planning	-	5,200
Rent	-	2,997
Repair & Maintenance	-	8,731
Spirit Week	1,476	-
Staff accommodations	656	-
Travel expenses	<u>23</u>	<u>-</u>
	<u>37,321</u>	<u>60,762</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 1,026</u>	<u>\$ 340</u>

Reaching E-Quality Employment Services Inc.
Schedule of Administration Expenses
Year Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
Amortization	\$ -	\$ 8,279
Equipment lease	-	1,037
Insurance	-	8,536
Office	-	7,171
Payroll service charges	-	1,419
Professional fees	-	10,498
Rent (Note 6)	-	77,474
Salaries and benefits	-	5,430
Travel	-	423
	<u>-</u>	<u>120,267</u>
Allocated to programs	<u>-</u>	<u>119,002</u>
	<u><u>\$ -</u></u>	<u><u>\$ 1,265</u></u>