

Reaching E-Quality Employment Services Inc.
Financial Statements
Year Ended March 31, 2024

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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, 2024, 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, 2024, 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 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:

- ♦ 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.

Independent Auditor's Report, continued

- ♦ 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, 2024



Chartered Professional Accountants

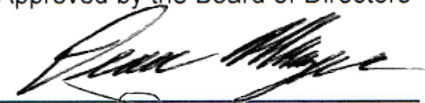
Reaching E-Quality Employment Services Inc.

Statement of Financial Position

March 31, 2024

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash (Note 3)	\$ 323,750	\$ 163,581
Accounts receivable	25,552	58,152
GST receivable	<u>2,186</u>	<u>1,886</u>
	351,488	223,619
Capital Assets (Note 4)	<u>29,469</u>	<u>19,815</u>
	<u><u>\$ 380,957</u></u>	<u><u>\$ 243,434</u></u>
<hr/>		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 24,129	\$ 36,493
Deferred contributions (Note 5)	<u>138,463</u>	<u>942</u>
	<u>162,592</u>	<u>37,435</u>
FUND BALANCES		
General Fund	89,431	84,336
Program Fund	99,465	101,848
Capital Asset Fund	<u>29,469</u>	<u>19,815</u>
	<u>218,365</u>	<u>205,999</u>
	<u><u>\$ 380,957</u></u>	<u><u>\$ 243,434</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, 2024

	<u>2024</u>	<u>2023</u>
REVENUE		
Employment Assistance Service (Note 10), Schedule 1	\$ 401,566	\$ 398,828
RINT, Schedule 2	162,140	114,337
Co-op, Schedule 3	167,940	202,678
United Way, Schedule 4	58,398	40,964
Special project grants	5,025	12,599
Donations, fundraising and other	10,624	149
	<u>805,693</u>	<u>769,555</u>
EXPENSES		
Employment Assistance Service (Note 10), Schedule 1	401,566	398,828
RINT, Schedule 2	162,140	114,337
Co-op, Schedule 3	167,940	202,996
United Way, Schedule 4	60,781	37,012
Administration	900	2,849
	<u>793,327</u>	<u>756,022</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 12,366</u>	<u>\$ 13,533</u>

See accompanying notes



Reaching E-Quality Employment Services Inc.

Statement of Changes in Fund Balances

Year Ended March 31, 2024

	<u>General Fund</u>	<u>Program Fund</u>	<u>Capital Asset Fund</u>	<u>Total 2024</u>	<u>Total 2023</u>
BALANCE, BEGINNING OF YEAR	\$ 84,336	\$ 101,848	\$ 19,815	\$ 205,999	\$ 192,466
Excess (deficiency) of revenue over expenses	25,222	(2,383)	(10,473)	12,366	13,533
Purchase of capital assets	<u>(20,127)</u>	<u>-</u>	<u>20,127</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 89,431</u>	<u>\$ 99,465</u>	<u>\$ 29,469</u>	<u>\$ 218,365</u>	<u>\$ 205,999</u>

See accompanying notes

Reaching E-Quality Employment Services Inc.

Statement of Cash Flows

Year Ended March 31, 2024

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 12,366	\$ 13,533
Item not affecting cash:		
Amortization	<u>10,473</u>	<u>7,660</u>
	22,839	21,193
Change in non-cash working capital items		
Accounts receivable	32,600	(32,001)
GST receivable	(300)	(6)
Accounts payable and accrued liabilities	(12,364)	(25,615)
Deferred contributions	<u>137,521</u>	<u>(44,942)</u>
	180,296	(81,371)
INVESTING ACTIVITY		
Purchase of capital assets	(20,127)	-
INCREASE (DECREASE) IN CASH	160,169	(81,371)
CASH, BEGINNING OF YEAR	<u>163,581</u>	<u>244,952</u>
CASH, END OF YEAR	<u>\$ 323,750</u>	<u>\$ 163,581</u>

See accompanying notes



CHARTERED PROFESSIONAL ACCOUNTANTS

Reaching E-Quality Employment Services Inc.

Notes to the Financial Statements

March 31, 2024

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%
Computer equipment	55%
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, 2024

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%. This facility was not used at year end.

Reaching E-Quality Employment Services Inc.

Notes to the Financial Statements

March 31, 2024

4. Capital assets

	2024		2023	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Equipment	\$ 189,356	\$ 175,731	\$ 189,356	\$ 172,325
Leasehold improvements	110,919	110,919	110,919	110,919
Computer equipment	31,914	16,070	11,787	9,003
Signs	7,011	7,011	7,011	7,011
	<u>339,200</u>	<u>309,731</u>	<u>319,073</u>	<u>299,258</u>
Net book value	<u>\$ 29,469</u>		<u>\$ 19,815</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.

	2024	2023
Special projects	\$ 603	\$ 942
RINT	<u>137,860</u>	<u>-</u>
	<u>\$ 138,463</u>	<u>\$ 942</u>

6. Lease commitment

The organization leases its premises under an agreement that expires July 31, 2027. The monthly minimum rent was \$4,308 from April 1, 2023 to March 31, 2024. Future minimum lease payments, exclusive of operating costs, property taxes and GST, are as follows:

2025	\$ 53,267
2026	54,050
2027	55,617
2028	<u>18,800</u>
	<u>\$ 181,734</u>

The organization leases equipment under an agreement that expires May 19, 2026. The quarterly payment is \$237, plus applicable taxes.

2025	\$ 948
2026	<u>948</u>
	<u>\$ 1,896</u>

Reaching E-Quality Employment Services Inc.

Notes to the Financial Statements

March 31, 2024

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, 2024 was \$93,858 (\$92,297 at March 31, 2023).

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.

10. Subsequent event

Effective September 30, 2024, the Government of Manitoba will terminate its Employment Assistance Service Agreement with the organization that annually provided a significant amount of revenue. The organization has sufficient surplus capital to maintain operations to bridge any cash shortfalls. The organization still maintains service agreements with the Governments of Manitoba and Canada that continue to provide funding. Management and the Board of Directors continue to assess the risks, opportunities and financial situation in order to maintain and grow the organization. It is management's opinion that the organization is viable and will continue as a going concern.

Reaching E-Quality Employment Services Inc.

Schedule of Employment Assistance Service (Note 10)

Year Ended March 31, 2024

	<u>2024</u>	<u>2023</u>
REVENUE		
Province of Manitoba	<u>\$ 401,566</u>	<u>\$ 398,828</u>
EXPENSES		
Advertising & Promotion	1,834	-
Client wages, benefits and related supports	2,479	1,662
Equipment	495	417
Insurance	6,304	7,247
Materials	5,044	7,157
Memberships & Dues	40	-
Professional fees	15,502	14,542
Rent	51,082	51,765
Salaries and benefits	311,552	308,894
Staff accommodations	2,198	1,610
Telephone	<u>5,036</u>	<u>5,534</u>
	<u>401,566</u>	<u>398,828</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Reaching E-Quality Employment Services Inc.

Schedule of RINT

Year Ended March 31, 2024

	<u>2024</u>	<u>2023</u>
REVENUE		
Government of Canada	<u>\$ 162,140</u>	<u>\$ 114,337</u>
EXPENSES		
Advertising & promotion	1,616	1,370
Client related supports	458	5,821
Insurance	1,947	1,144
Interest & bank charges	674	13
Materials	10,184	4,502
Memberships	464	-
Professional development	774	276
Professional fees	841	-
Rent	21,878	8,323
Salaries and benefits	107,181	71,550
Telephone and office	2,235	1,620
Tuition fees	1,299	-
Wage subsidy	<u>12,589</u>	<u>19,718</u>
	<u>162,140</u>	<u>114,337</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Reaching E-Quality Employment Services Inc.

Schedule of Co-op

Year Ended March 31, 2024

	<u>2024</u>	<u>2023</u>
REVENUE		
Province of Manitoba	<u>\$ 167,940</u>	<u>\$ 202,678</u>
EXPENSES		
Advertising & promotion	1,482	1,435
Bank charges and interest	118	145
Client wages, benefits and supports - REES Hiring Incentive Project	49,853	86,941
Insurance	1,020	1,144
Materials and supplies	2,406	2,641
Memberships and dues	60	160
Office and rental	26,815	24,127
Professional development	80	105
Professional fees	12,480	11,943
Salaries and benefits	71,506	71,664
Staff accommodation	77	597
Telephone and internet	2,043	2,005
Travel	-	89
	<u>167,940</u>	<u>202,996</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ (318)</u>

Reaching E-Quality Employment Services Inc.
Schedule of United Way
Year Ended March 31, 2024

	<u>2024</u>	<u>2023</u>
REVENUE		
United Way	\$ 57,963	\$ 40,846
Donations	100	118
Fundraising	<u>335</u>	<u>-</u>
	<u>58,398</u>	<u>40,964</u>
EXPENSES		
Advertising & promotion	4,762	5,325
Amortization	10,473	7,660
Client wages, benefits and related supports	5,339	3,820
Essential Needs	614	-
Interest and bank charges	36	-
Professional fees	17,681	-
Repairs & maintenance	347	2,053
Salaries and benefits	16,355	15,570
Staff accommodations	4,115	2,496
Telephone	822	-
Travel expenses	<u>237</u>	<u>88</u>
	<u>60,781</u>	<u>37,012</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>\$ (2,383)</u>	<u>\$ 3,952</u>