

Reaching E-Quality Employment Services Inc.
Financial Statements
Year Ended March 31, 2021

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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, 2021, 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, 2021, 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:

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
August 26, 2021



Chartered Professional Accountants

MYPD
CHARTERED PROFESSIONAL ACCOUNTANTS

Reaching E-Quality Employment Services Inc.
Statement of Financial Position
March 31, 2021

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash (Note 3)	\$ 219,523	\$ 115,190
Accounts receivable	37,681	86,894
GST receivable	1,789	4,524
Prepaid expenses	6,705	9,617
	265,678	216,225
Capital Assets (Note 4)	30,903	33,264
	\$ 296,581	\$ 249,489
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 18,307	\$ 12,405
Deferred contributions (Note 5)	84,782	48,414
	103,089	60,819
FUND BALANCES		
General Fund	75,637	59,985
Program Fund	86,952	95,421
Capital Asset Fund	30,903	33,264
	193,492	188,670
	\$ 296,581	\$ 249,489

Approved by the Board of Directors

Paul M. [Signature] Director
Michelle Norris Director

See accompanying notes

MYPD

Reaching E-Quality Employment Services Inc.
 Statement of Operations
 Year Ended March 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Employment Assistance Service, Schedule 1	\$ 416,446	\$ 542,782
RINT, Schedule 2	107,649	137,903
Co-op, Schedule 3	132,170	357,596
United Way, Schedule 4	38,340	38,347
Special project grants	13,194	7,886
Donations, fundraising and other	97	8,071
	<u>707,896</u>	<u>1,092,585</u>
EXPENSES		
Employment Assistance Service, Schedule 1	416,262	542,779
RINT, Schedule 2	102,659	137,867
Co-op, Schedule 3	131,256	357,508
United Way, Schedule 4	52,897	37,321
Special projects	-	323
	<u>703,074</u>	<u>1,075,798</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 4,822</u>	<u>\$ 16,787</u>

See accompanying notes

Reaching E-Quality Employment Services Inc.
Statement of Changes in Fund Balances
Year Ended March 31, 2021

	General Fund	Program Fund	Capital Asset Fund	Total 2021	Total 2020
BALANCE, BEGINNING OF YEAR	\$ 59,985	\$ 95,421	\$ 33,264	\$ 188,670	\$ 171,883
Excess (deficiency) of revenue over expenses	21,571	(8,469)	(8,280)	4,822	16,787
Purchase of capital assets	(5,919)	-	5,919	-	-
BALANCE, END OF YEAR	<u>\$ 75,637</u>	<u>\$ 86,952</u>	<u>\$ 30,903</u>	<u>\$ 193,492</u>	<u>\$ 188,670</u>

See accompanying notes

Reaching E-Quality Employment Services Inc.

Statement of Cash Flows

Year Ended March 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 4,822	\$ 16,787
Item not affecting cash:		
Amortization	<u>8,280</u>	<u>8,316</u>
	13,102	25,103
Change in non-cash working capital items		
Accounts receivable	49,213	(74,139)
GST receivable	2,755	(1,501)
Prepaid expenses	2,912	(5,546)
Accounts payable and accrued liabilities	5,902	(11,576)
Deferred contributions	<u>36,368</u>	<u>16,042</u>
	110,252	(51,617)
INVESTING ACTIVITY		
Purchase of capital assets	<u>(5,919)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	104,333	(51,617)
CASH, BEGINNING OF YEAR	<u>115,190</u>	<u>166,807</u>
CASH, END OF YEAR	<u><u>\$ 219,523</u></u>	<u><u>\$ 115,190</u></u>

See accompanying notes

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, 2021

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.

4. Capital assets	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Equipment	\$ 189,356	\$ 162,744	\$ 189,356	\$ 156,092
Leasehold improvements	110,919	110,919	110,919	110,919
Computer equipment	5,918	1,627	-	-
Signs	7,011	7,011	7,011	7,011
	<u>313,204</u>	<u>282,301</u>	<u>307,286</u>	<u>274,022</u>
Net book value	<u>\$ 30,903</u>		<u>\$ 33,264</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.			
	2021	2020	
Special projects	\$ 1,177	\$	1,372
RINT	83,605		41,942
CO-OP	-		5,100
	<u>\$ 84,782</u>	<u>\$</u>	<u>48,414</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, 2020 to March 31, 2021. Future minimum lease payments, exclusive of operating costs, property taxes and GST, are as follows:			
2022	\$	48,567	
2023		<u>16,450</u>	
	<u>\$</u>	<u>65,017</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:			
2022	\$	1,188	
2023		1,188	
2024		<u>297</u>	
	<u>\$</u>	<u>2,673</u>	

Reaching E-Quality Employment Services Inc.

Notes to the Financial Statements

March 31, 2021

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, 2021 was \$96,720 (\$79,659 at March 31, 2020).

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. COVID-19

The COVID-19 pandemic has had a significant impact on businesses and organizations through the restrictions put in place by the federal and municipal governments regarding travel, business operations and public health orders.

As the pandemic is ongoing, the full extent of the impact it may have on the organization in the future will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and other public health measures that are currently, or may be put, in place by federal and municipal governments. The organization continues to assess the impact COVID-19 will have on its operations. The extent of the effect of the COVID-19 pandemic on the organization is uncertain. However, thus far, the organization has been able to adapt and sustain its operations.

Reaching E-Quality Employment Services Inc.
 Schedule of Employment Assistance Service
 Year Ended March 31, 2021

Schedule 1

	<u>2021</u>	<u>2020</u>
REVENUE		
Province of Manitoba	\$ 392,074	\$ 542,782
Canada Emergency Wage Subsidy	<u>24,372</u>	<u>-</u>
	<u>416,446</u>	<u>542,782</u>
EXPENSES		
Equipment	596	1,126
Insurance	6,291	7,462
Materials	4,073	11,597
Office	40	498
Professional fees	14,935	10,094
Rent	55,849	63,090
Salaries and benefits	329,153	421,182
Staff accommodations	49	4,325
Staff development	-	15,797
Staff travel	-	859
Telephone	<u>5,276</u>	<u>6,749</u>
	<u>416,262</u>	<u>542,779</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 184</u>	<u>\$ 3</u>

Reaching E-Quality Employment Services Inc.
 Schedule of RINT
 Year Ended March 31, 2021

Schedule 2

	<u>2021</u>	<u>2020</u>
REVENUE		
Government of Canada	\$ 107,649	\$ 137,903
EXPENSES		
Advertising & promotion	397	522
Insurance	1,572	1,600
Materials	8,311	4,115
Participant salaries and benefits	16,271	54,704
Printing & Photocopying	95	216
Rent	14,184	16,502
Salaries and benefits	58,292	59,151
Telephone and office	3,537	1,057
	<u>102,659</u>	<u>137,867</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 4,990</u>	<u>\$ 36</u>

Reaching E-Quality Employment Services Inc.
 Schedule of Co-op
 Year Ended March 31, 2021

Schedule 3

	<u>2021</u>	<u>2020</u>
REVENUE		
Province of Manitoba	\$ 127,869	\$ 357,596
Canada Emergency Wage Subsidy	<u>4,301</u>	<u>-</u>
	<u>132,170</u>	<u>357,596</u>
EXPENSES		
Bank charges and interest	66	26
Advertising & Promotion	769	1,665
Insurance	1,195	1,257
Materials and supplies	1,193	3,970
Memberships and dues	395	322
Office and rental	24,000	26,643
Participant salaries and benefits	1,552	15,574
Postage and courier	40	95
Professional development	-	144
Professional fees	10,756	9,454
Telephone and internet	1,701	1,444
Travel	215	5,844
Wages and benefits	<u>89,374</u>	<u>291,070</u>
	<u>131,256</u>	<u>357,508</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 914</u>	<u>\$ 88</u>

Reaching E-Quality Employment Services Inc.
Schedule of United Way
Year Ended March 31, 2021

Schedule 4

	<u>2021</u>	<u>2020</u>
REVENUE		
United Way	\$ 38,340	\$ 38,347
EXPENSES		
Salaries and benefits	40,849	14,225
Amortization	8,280	8,316
Interest and bank charges	406	830
Lunch and food	-	127
Materials & supplies	-	2,568
Memberships and dues	395	342
Office	535	844
Participant salaries and benefits	2,432	7,914
Spirit Week	-	1,476
Staff accommodations	-	656
Travel expenses	-	23
	<u>52,897</u>	<u>37,321</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>\$ (14,557)</u>	<u>\$ 1,026</u>