



# matthew house

refugee services • furniture bank ottawa

## ANNUAL REPORT 2018



Room, board & settlement support for **18** refugee claimants

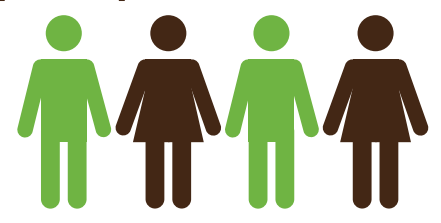
**2018** IMPACT



**707** homes furnished



**2228** people served



**75** active volunteers

**17** partners



**6500**

pieces of furniture donated

**10,000+** volunteer hours



Home. *Community.* Dignity.

**matthew house**  
refugee services • furniture bank ottawa

[www.matthewhouseottawa.org](http://www.matthewhouseottawa.org)

**MATTHEW HOUSE REFUGEE  
SERVICES (OTTAWA) INC.**

**FINANCIAL STATEMENTS**

December 31, 2018

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## Independent Auditor's Report

To the Board of Directors of  
**Matthew House Refugee Services (Ottawa) Inc.**

### *Qualified Opinion*

We have audited the financial statements of **MATTHEW HOUSE REFUGEE SERVICES (OTTAWA) INC.**, which comprise the statement of financial position as at December 31, 2018, and the statements of operations and , 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 effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2018, 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 organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2018 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 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 qualified 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 ASNPO, 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.

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## Independent Auditor's Report (Cont'd)

### *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 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.



**COLBY MCGEACHY PROFESSIONAL CORPORATION**  
*CHARTERED PROFESSIONAL ACCOUNTANTS*

*Authorized to practice public accounting by the Chartered Professional Accountants of Ontario*

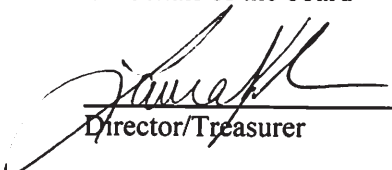
Almonte, Ontario  
May 3, 2019



**MATTHEW HOUSE REFUGEE SERVICES (OTTAWA) INC.**  
**STATEMENT OF FINANCIAL POSITION**  
 As at December 31, 2018

	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 59,165	\$ 112,305
Accounts receivable (Note 3)	4,393	18,684
Prepaid expenses	2,263	2,444
	<b>65,821</b>	<b>133,433</b>
<b>Investments (Note 4)</b>	<b>247,159</b>	<b>32,015</b>
<b>Capital assets (Note 5)</b>	<b>2,699</b>	<b>5,239</b>
	<b>\$ 315,679</b>	<b>\$ 170,687</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 14,602	\$ 10,978
Unearned revenue	1,090	100
	<b>15,692</b>	<b>11,078</b>
<b>NET ASSETS</b>		
<b>Unrestricted</b>	<b>299,987</b>	<b>159,609</b>
	<b>\$ 315,679</b>	<b>\$ 170,687</b>

On behalf of the board

  
 Director/Treasurer

**MATTHEW HOUSE REFUGEE SERVICES (OTTAWA) INC.****STATEMENT OF OPERATIONS**

For the year ended December 31, 2018

	2018	2017
<b>Revenues</b>		
Furniture delivery and pickup	\$ 152,692	\$ 117,289
Individual and corporation donations	147,437	49,192
Resident fees	33,967	35,190
Grants	25,225	23,510
Fundraising activities	18,647	30,968
Government funding	7,434	4,788
Furniture sales	6,798	7,093
Other miscellaneous revenue	882	480
	<b>393,082</b>	<b>268,510</b>
<b>Expenditures</b>		
Salaries and benefits	165,390	121,501
Automotive leasing	18,461	17,655
Food and supplies	12,043	10,253
Occupancy costs	6,910	6,120
Insurance	6,839	6,058
Office and general	6,174	2,021
Fundraising expenses	6,011	4,705
Professional fees	5,954	6,221
Fuel - truck	5,414	4,265
Telephone and internet	4,816	5,197
Travel and automotive	4,315	2,157
Interest and bank charges	3,988	3,283
Amortization	2,954	3,286
Other miscellaneous expenses	2,832	619
Computer and technology	603	878
	<b>252,704</b>	<b>194,219</b>
Excess of revenues over expenditures before undernoted item	<b>140,378</b>	<b>74,291</b>
<b>Other expense</b>		
Loss on sale of capital assets	-	121
Excess of revenues over expenditures	<b>\$ 140,378</b>	<b>\$ 74,170</b>

The attached notes are an integral part of these financial statements

**MATTHEW HOUSE REFUGEE SERVICES (OTTAWA) INC.****STATEMENT OF CHANGES IN NET ASSETS**

For the year ended December 31, 2018

	<b>2018</b>	2017
Balance, beginning of year	<b>\$ 159,609</b>	\$ 85,439
Excess of revenues over expenditures	<b>140,378</b>	74,170
<b>Balance, end of year per Statement I</b>	<b>\$ 299,987</b>	<b>\$ 159,609</b>

The attached notes are an integral part of these financial statements

**MATTHEW HOUSE REFUGEE SERVICES (OTTAWA) INC.**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2018

	2018	2017
<b>Cash flows from operating activities</b>		
Excess of revenues over expenditures	\$ 140,378	\$ 74,170
Adjustments for		
Amortization	2,954	3,286
Loss on sale of capital assets	-	121
	<b>143,332</b>	<b>77,577</b>
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	14,291	(11,929)
Decrease (increase) in prepaid expenses	181	(1,176)
Increase (decrease) in accounts payable and accrued liabilities	3,625	(2,812)
Increase in unearned revenue	990	100
	<b>162,419</b>	<b>61,760</b>
<b>Cash flows from investing activities</b>		
Increase in investments	(215,144)	(106)
Purchase of capital assets	(415)	-
	<b>(215,559)</b>	<b>(106)</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(53,140)</b>	<b>61,654</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>112,305</b>	<b>50,651</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 59,165</b>	<b>\$ 112,305</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	<b>\$ 59,165</b>	<b>\$ 112,305</b>

The attached notes are an integral part of these financial statements

**MATTHEW HOUSE REFUGEE SERVICES (OTTAWA) INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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**1. PURPOSE OF THE ORGANIZATION**

Matthew House Refugee Services (Ottawa) Inc. was incorporated under Letters Patent in Ontario on April 13, 2010, as a not-for-profit organization and is a registered charity under the Income Tax Act. The stated objects of the organization are to relieve poverty by providing food and other basic supplies to persons of low income by establishing, operating and maintaining shelters for the homeless, and by providing counselling and other similar programs to relieve poverty; and to provide education, counselling and other support services for immigrants and refugees in need, including language instruction, employment training, job search programs, translation services and information programs on Canadian culture and life.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The organization applies the Canadian accounting standards for not-for-profit organizations.

**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 expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

**Capital assets**

Capital assets are recorded at cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% Declining balance
Electronic equipment	50% Declining balance

Amortization of leasehold improvements is recorded on a straight-line basis at 20% per annum.

**Contributed services**

Directors, committee members and owners volunteer their time to assist in the corporation's activities. While these services benefit the corporation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

**Cash and cash equivalents**

The organization's policy is to present bank balances under cash and cash equivalents with a maturity period of three months or less from the date of acquisition. Term deposits that the organization cannot use for current transactions because they are restricted as reserves are also excluded from cash and cash equivalents.



**MATTHEW HOUSE REFUGEE SERVICES (OTTAWA) INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Financial instruments**

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**Measurement uncertainty**

The preparation of financial statements in conformity 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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**3. ACCOUNTS RECEIVABLE**

	<b>2018</b>	<b>2017</b>
Harmonized sales tax rebate	\$ 2,823	\$ 13,769
Interest receivable	445	50
Resident fees receivable	-	425
Delivery fees receivable	-	4,440
Grant receivable	1,125	-
	<b>\$ 4,393</b>	<b>\$ 18,684</b>

**4. INVESTMENTS**

	<b>2018</b>	<b>2017</b>
Term deposits, at a rate of 0.45% to 2.60% (2017 - 0.45%), maturing within eight to fifty-nine months.	\$ 247,159	\$ 32,015

**MATTHEW HOUSE REFUGEE SERVICES (OTTAWA) INC.****NOTES TO FINANCIAL STATEMENTS**

December 31, 2018

**5. CAPITAL ASSETS**

	2018		2017	
	Cost	Accumulated amortization	Net book value	
Furniture and fixtures	\$ 5,671	\$ 3,256	\$ 2,415	\$ 2,604
Electronic equipment	11,503	11,219	284	569
Leasehold improvements	10,331	10,331	-	2,066
	\$ 27,505	\$ 24,806	\$ 2,699	\$ 5,239

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2018	2017
Accrued liabilities	\$ 6,244	\$ 5,955
Trade accounts payable	4,041	4,099
Salaries payable	4,317	924
	\$ 14,602	\$ 10,978

**7. CHANGE IN ACCOUNTING POLICY**

During the year the organization changed its accounting policy from the deferral method with fund accounting to the deferral method without fund accounting. These changes have been reflected in the financial statements retrospectively.

The organization believes this new policy is preferable as it consolidates the results of operations for all fundraising activities and expenses.

The impact of this voluntary change in accounting policy on the financial statements was to consolidate the fund balances into the unrestricted net asset balance.

**8. FINANCIAL INSTRUMENTS****(a) Liquidity risk**

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due.

Trade accounts payable and accrued liabilities are generally repaid within 30 days.

**MATTHEW HOUSE REFUGEE SERVICES (OTTAWA) INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2018

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**8. FINANCIAL INSTRUMENTS (Cont'd)**

(b) Interest rate risk

The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the organization to a fair value risk while the floating rate instrument subject it to a cash flow risk. The organization is exposed to this type of risk as a result of investments in rate-riser guaranteed income certificates.

**9. LEASE COMMITMENTS**

The organization's total commitments, under various operating leases and a property lease agreement, exclusive of occupancy costs, are as follows:

2019	\$	18,386
2020		18,386
2021		5,729
		<hr/>
	\$	42,501
		<hr/>

The property lease expires in 2020.

**10. COMPARATIVE FIGURES**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year revenue over expenditures.