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# Financial statements of Reena

March 31, 2022

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## Independent Auditor's Report

To the Member of  
Reena

### Opinion

We have audited the financial statements of Reena, which comprise the statement of financial position as at March 31, 2022, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Reena as at March 31, 2022, 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 ("Canadian GAAS"). 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 Reena 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 Reena'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 Reena or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Reena'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 GAAS 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 GAAS, 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 Reena'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 Reena'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 Reena 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Reena to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 29, 2022

**Reena****Statement of financial position**


As at March 31, 2022

	Notes	2022 \$	2021 \$
<b>Assets</b>			
Current assets			
Cash	3	538,820	8,324,779
Restricted cash and investments	3	4,419,692	1,305,076
Government grants receivable		638,348	88,939
Accounts receivable	17	2,817,022	3,626,159
Prepaid expenses		252,671	209,052
Due from Batay Reena	7	39,214	338,492
Due from Reena Foundation	7	50,426	22,180
		<b>8,756,193</b>	13,914,677
Prepaid lease	4	693,807	683,908
Capital assets	5	57,353,950	53,555,340
		<b>66,803,950</b>	68,153,925
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	9 and 10	12,396,262	13,738,866
Current portion of mortgages payable	8	556,856	622,654
		<b>12,953,118</b>	14,361,520
Replacement reserve	6	982,845	941,850
Deferred capital contributions	11	32,090,808	29,205,495
Construction loans payable	8	13,975,702	15,187,688
Mortgages payable	8	2,993,940	4,404,831
		<b>62,996,413</b>	64,101,384
Commitments	12		
<b>Fund balances</b>			
General		2,843,744	3,088,748
Capital contributions - land		963,793	963,793
		<b>3,807,537</b>	4,052,541
		<b>66,803,950</b>	68,153,925

The accompanying notes are an integral part of the financial statements.

Approved by the Board

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

**Reena****Statement of operations**

Year ended March 31, 2022

	Notes	2022 \$	2021 \$
<b>Revenue</b>			
Government			
Ontario Ministry of Children, Community and Social Services		<b>49,449,767</b>	49,800,858
Ontario Ministry of Children, Community and Social Services – Developmental Services Housing (“DSH”)		<b>1,073,835</b>	1,073,835
Ontario Ministry of Health		<b>494,211</b>	875,547
Federal grants	18	<b>3,378,058</b>	8,949,729
Rental revenue and user fees		<b>6,319,094</b>	5,699,719
Jewish Federation of Greater Toronto and Trillium Foundation		<b>490,223</b>	87,223
Amortization of deferred capital contributions	11	<b>1,300,080</b>	1,105,456
Investment income		<b>9,793</b>	19,982
Grant from Reena Foundation	7	<b>229,648</b>	170,756
Other	7	<b>506,622</b>	417,513
		<b>63,251,331</b>	68,200,618
<b>Expenses</b>			
Salaries, contract wages and related costs		<b>45,172,324</b>	45,050,133
Housing and accommodation	7	<b>7,221,227</b>	11,654,815
Food and supplies		<b>2,434,923</b>	2,753,890
Interest on mortgages		<b>134,605</b>	110,985
Purchased services and professional fees	17	<b>5,394,066</b>	4,600,783
Supported individuals’ personal needs		<b>337,877</b>	204,719
Computer equipment and services		<b>269,330</b>	207,486
Vehicles, maintenance and transportation		<b>329,462</b>	181,473
Amortization of capital assets		<b>1,819,991</b>	1,400,033
Insurance		<b>221,904</b>	175,979
		<b>63,335,709</b>	66,340,296
(Deficiency) excess of revenue over expenses before the undernoted item		<b>(84,378)</b>	1,860,322
Pay equity expense	16	<b>(160,626)</b>	(157,784)
<b>(Deficiency) excess of revenue over expenses for the year</b>		<b>(245,004)</b>	1,702,538

The accompanying notes are an integral part of the financial statements.

**Reena****Statement of changes in fund balances**

Year ended March 31, 2022

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	<b>General fund \$</b>	<b>Capital contributions - land \$</b>	<b>2022 Total \$</b>	2021 Total \$
<b>Fund balances, beginning of year</b>	<b>3,088,748</b>	<b>963,793</b>	<b>4,052,541</b>	2,350,003
(Deficiency) excess of revenue over expenses for the year	<b>(245,004)</b>	—	<b>(245,004)</b>	1,702,538
<b>Fund balances, end of year</b>	<b>2,843,744</b>	<b>963,793</b>	<b>3,807,537</b>	4,052,541

The accompanying notes are an integral part of the financial statements.

**Reena****Statement of cash flows**

Year ended March 31, 2022

	2022	2021
	\$	\$
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses for the year	<b>(245,004)</b>	1,702,538
Add items not involving cash		
Amortization of capital assets	<b>1,819,991</b>	1,400,033
Amortization of deferred capital contributions	<b>(1,300,080)</b>	(1,105,456)
	<b>274,907</b>	1,997,115
Changes in non-cash working capital balances related to operations		
Government grants receivable	<b>(549,409)</b>	308,743
Accounts receivable	<b>809,137</b>	(1,678,047)
Prepaid expenses	<b>(43,619)</b>	710
Due to/from Reena Foundation	<b>(28,246)</b>	12,214
Due to/from Batay Reena	<b>299,278</b>	558,998
Prepaid lease	<b>(9,899)</b>	(9,899)
Accounts payable and accrued liabilities	<b>(1,342,604)</b>	2,450,260
Replacement reserve	<b>40,995</b>	100,951
	<b>(549,460)</b>	3,741,045
<b>Investing activities</b>		
Increase in restricted cash and investments	<b>(3,114,616)</b>	(49,595)
Additions to capital assets	<b>(5,618,601)</b>	(19,605,429)
Capital contribution received	<b>4,185,393</b>	11,790,775
	<b>(4,547,824)</b>	(7,864,249)
<b>Financing activities</b>		
Repayments of mortgages during the year	<b>(1,476,689)</b>	(605,237)
(Repayments) proceeds from construction loans payable	<b>(1,211,986)</b>	12,225,804
	<b>(2,688,675)</b>	11,620,567
(Decrease) increase in cash during the year	<b>(7,785,959)</b>	7,497,363
Cash, beginning of year	<b>8,324,779</b>	827,416
<b>Cash, end of year</b>	<b>538,820</b>	8,324,779
<b>Supplemental cash flow information</b>		
Mortgage interest paid	<b>134,605</b>	142,162

The accompanying notes are an integral part of the financial statements.



## **1. Purpose of the organization**

Reena is an organization that provides assistance in integrating individuals with developmental disabilities into the community. Reena was incorporated under the laws of Ontario and is a Registered Charity exempt from income taxes under the Income Tax Act (Canada) and may issue tax-deductible receipts to donors.

Reena Community Services Canada is an organization that receives and maintains funds to apply to all or part of the principal and income therefrom, from time to time, to qualified donees.

Reena Community Services Canada was incorporated under the Canada Not for Profit Corporations Act on July 30, 2019 and is a Registered Charity exempt from income taxes under the Income Tax Act (Canada) and may issue tax deductible receipts to donors.

On August 5, 2020 the Board of Directors of Reena passed a resolution to change Reena's membership. Reena Community Services Canada is the sole member of Reena, has the ability to appoint all of the members of the Board of Directors and, as such, exercises control over Reena.

## **2. Significant accounting policies**

### *Basis of presentation*

The financial statements of Reena are the representations of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as set out in Part III of the Chartered Professional Accountants' Handbook ("ASNPO"). The significant accounting policies adopted by Reena are as follows:

### *Fund accounting*

In order to ensure observance of the limitations and restrictions placed on the use of resources available to Reena, the accounts of Reena are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donor. For financial reporting purposes the accounts have been classified into the following funds:

- |                              |   |
|------------------------------|---|
| General                      | <ul style="list-style-type: none"><li>• This fund is available for general purposes and records the transactions associated with the operating activities of Reena and its investment in capital assets</li></ul> |
| Capital contributions - land | <ul style="list-style-type: none"><li>• This fund records grants received for the purchase of land.</li></ul>   |

### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when Reena becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for cash and restricted cash and investments. Reena has elected to use the fair value option to measure cash and restricted cash and investments, with any subsequent changes in fair value recorded in the Statement of operations. Investment interest earned includes interest income and the change in unrealized gains on investments.

**2. Significant accounting policies (continued)***Financial instruments (continued)*

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the Statement of operations.

*Use of estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year then ended. Actual results may differ from those estimates. Balances which require some degree of estimation include certain accrued liabilities, the estimated useful life of capital assets and deferred capital contributions.

*Revenue recognition*

Reena follows the deferral method of accounting for restricted contributions. Externally 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 can be reasonably estimated and collection is reasonably assured. Capital grants for the purchase of land are recorded as capital contributions for non-depreciated assets at the time the grant is received. Restricted contributions for the purchase of capital assets are recorded as deferred capital contributions. The amortization of deferred capital contributions is recorded as revenue in the Statement of operations and changes in net assets on the same basis and over the same period as the amortization of the related capital assets.

*Capital assets*

Purchased capital assets are recorded at cost and contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided over the estimated useful lives of the capital assets on the straight-line basis, as follows:

Buildings	50 years
Building improvements	10 years
Vehicles	4 years
Computers and software	5 years

Construction-in-progress is not amortized until the capital asset is available for use.

Reena reviews the carrying amounts of its capital assets regularly. If the capital assets no longer have any long-term service potential to Reena, the excess of the net carrying amount over any residual value is recognized as an expense in the Statement of operations.

## **2. Significant accounting policies (continued)**

### *Investments*

Investments include debt securities issued by the Canadian Federal and Provincial governments and Canadian banks, some of which mature beyond March 31, 2022. However, they are shown as current on the Statement of financial position, as management may liquidate such investments before their maturity date, depending on the financing requirements of Reena.

### *Contributed services*

Volunteers contribute many hours to assist Reena in carrying out its activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

### *Government assistance*

Government assistance is recognized as revenue when there is reasonable assurance that Reena has complied with, and will continue to comply with, all conditions necessary to obtain the assistance. (Note 10)

Government assistance related to wages subsidies are recorded in Federal grants revenue on the statement of operations. (Note 18)

## **3. Cash and restricted cash and investments**

Cash, restricted cash and investments are held with major commercial banks. The restricted cash and investments consist of funds set aside as a reserve capital repairs and maintenance (Note 6), capital construction, deferred salary, and an amount being held on behalf of several clients.

As at March 31, 2022, Reena held a letter of credit in the amount of \$57,250 expiring on June 30, 2022.

As at March 31, 2021, Reena held letters of credit in the amount of \$680,639 and \$57,250 expiring on July 5, 2021, and June 30, 2021, respectively.

## **4. Prepaid lease**

The Reena Community Residence on the Lebovic Campus in Vaughan was built on land that is leased for a term of 99 years and requires total lease payments in aggregate of \$1,000,000. The payment terms of the lease required a \$600,000 deposit in fiscal 2010, to be applied to the lease once construction began. The remaining \$400,000 is payable in equal installments over 20 years, commencing in fiscal 2016, the year in which the building became operational. The total lease payments of \$1,000,000 are being expensed over the 99 year lease term.

**4. Prepaid lease (continued)**

The prepaid lease balance consists of:

	<b>2022</b>	2021
	\$	\$
Deposit	<b>600,000</b>	600,000
Lease instalment payment	<b>140,000</b>	120,000
Lease expense	<b>(70,707)</b>	(60,606)
Non-recoverable Harmonized Sales Tax	<b>10,560</b>	10,560
Other (legal fees on lease agreement)	<b>13,954</b>	13,954
	<b>693,807</b>	683,908

**5. Capital assets**

Capital assets consist of the following:

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2022 Net book value</b>	2021 Net book value
	\$	\$	\$	\$
Land	<b>6,579,430</b>	—	<b>6,579,430</b>	5,329,598
Buildings	<b>48,054,391</b>	<b>(1,615,115)</b>	<b>46,439,276</b>	14,848,515
Building improvements	<b>6,298,126</b>	<b>(2,669,855)</b>	<b>3,628,271</b>	3,991,862
Vehicles	<b>304,723</b>	<b>(261,144)</b>	<b>43,579</b>	108,430
Computers and software	<b>141,586</b>	<b>(68,862)</b>	<b>72,724</b>	60,347
Construction-in-progress	<b>590,670</b>	—	<b>590,670</b>	29,216,588
	<b>61,968,926</b>	<b>(4,614,976)</b>	<b>57,353,950</b>	53,555,340

As at March 31, 2022 the property at 155 and 165 Elmridge Road is currently under construction and included in construction-in-progress and not amortized.

The March 31, 2021 construction-in-progress balance is primarily comprised of capital costs associated with the Lou Fruitman Reena Residence; whose construction was completed during the fiscal year ended March 31, 2022 and accordingly transferred from construction-in-progress to the respective capital asset category.

**6. Replacement reserve**

Reena is required by the Ontario Ministry of Children, Community and Social Services ("MCCSS") to segregate funds to be spent on repairs and maintenance. In addition, Reena holds a replacement reserve for the Reena Community Residence and Lou Fruitman Reena Residence.

	<b>2022</b>	2021
	\$	\$
Ministry of Children, Community and Social Services		
Balance, beginning of year	<b>601,483</b>	569,107
Funding received during the year	<b>35,796</b>	35,796
Investment losses	<b>(32,444)</b>	(3,420)
Balance, end of year	<b>604,835</b>	601,483
Reena Community Residence Replacement Reserve	<b>327,099</b>	340,367
Reena Lou Fruitman Residence	<b>50,911</b>	—
	<b>982,845</b>	941,850

Investment income (losses) includes interest income and the change in unrealized gains (losses) on investments during the year.

**7. Related party transactions and balances**

*Batay Reena*

During the year, Reena made rental payments of \$3,080,021 excluding H.S.T. (\$7,018,038 in 2021) to Batay Reena for the use of the Battle Centre facility and 12 residences (12 in 2021), which is included in housing and accommodation expenses on the Statement of operations.

During the year, Batay Reena paid \$12,000 (\$12,000 in 2021) in rent to Reena, which is included in other revenue on the statement of operations.

The amount receivable from Batay Reena of \$39,214 (\$338,492 in 2021) is interest-free and due on demand.

*Reena Foundation*

During the year, Reena Foundation granted \$203,063 (\$170,756 in 2021) to Reena. This grant supports both ministry and non-ministry funded program activities.

In addition, Reena recognized a grant in the amount of \$26,585 related to funds received from Reena Foundation in the prior year and recognized as revenue in the current year.

During the year, Reena Foundation provided capital contributions in the amount of \$2,944,000 (\$3,988,462 in 2021) to Reena for the Lou Fruitman Reena Residence.

The amount receivable from Reena Foundation of \$50,426 (\$22,180 in 2021) is non-interest bearing and due on demand.

During the year, the Foundation held a standby letter of credit on behalf on Reena to the Corporation of the City of Vaughan in the amount of \$1,147,525 (\$1,147,525 in 2021) related to the construction of the Lou Fruitman Reena Residence.

**8. Construction loans and mortgages payable**

*Construction loans payable*

Construction loans payable include amounts payable to Canada Mortgage and Housing of \$13,975,702 (\$10,187,688 in 2021) and Infrastructure Ontario of \$nil (\$5,000,000 in 2021). These construction loans are anticipated to revert to mortgages in the future however currently they have no repayment terms applied other than carry forward interest costs.

*Mortgages payable*

The mortgages, bear interest from 1.29% to 6.14% (1.29% to 6.14% in 2021) with a weighted average of 2.82% per annum (2.68% in 2021), are repayable in monthly installments of principal and interest of \$58,533 (\$63,454 in 2021) and are secured against the related properties that are included in capital assets. The mortgages mature between September 2022 and January 2027 (between June 2021 and November 2039 in 2021). The Ontario Ministry of Municipal Affairs and Housing will negotiate the renewal of the mortgages that fall due within the next year.

The amount due during fiscal 2023 in the following table has been calculated on the assumption that the mortgages which mature prior to March 31, 2023 will be renewed under the existing terms.

The principal repayments for the mortgages due to maturity are as follows:

	<u>\$</u>
2023	556,856
2024	501,770
2025	491,302
2026	460,126
2027	394,950
Thereafter	<u>15,121,494</u>
	17,526,498
Less: current portion	<u>556,856</u>
	<u>16,969,642</u>

**9. Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities are amounts owing relating to government remittances of \$459,542 (\$514,118 in 2021).

## Reena

### Notes to the financial statements

March 31, 2022

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#### 10. Government assistance – Ministry of Children, Community and Social Services

Reena has a number of contracts with the MCCSS for the funding of various programs. A reconciliation report, summarized by service, of revenues and expenses identifies any resulting surplus or deficit. A summary of these reports shows the following services to be in surplus (deficit) position as at March 31, 2022 and 2021.

	2022 \$	2021 \$
Toronto Area Office		
DSRS Adults Community Accomodation	(10,638)	(574,833)
Adult Community Support Services	24,338	567,360
DSB Employment Supports (transition)	62	(1,276)
	<b>13,762</b>	<b>(8,749)</b>
Central Region (Newmarket) Office		
Adults DS Community Support Services	18,496	18,100
Children's Community	(742)	(2,647)
Out of Home Respite – Children	(19,717)	3,279
DSRS Adults Community Accomodation	(93,561)	(16,409)
	<b>(95,524)</b>	<b>2,323</b>

The accounts payable and accrued liabilities balance as at March 31, 2022 includes \$605,750 of deferred revenue (\$3,225,000 in 2021) from the MCCSS.

#### 11. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets.

	2022 \$	2021 \$
Balance, beginning of year	29,205,495	18,520,176
Add: contributions received	4,185,393	11,790,775
Less: amortization	(1,300,080)	(1,105,456)
Balance, end of year	<b>32,090,808</b>	<b>29,205,495</b>

Included in contributions received is \$2,944,000 (\$3,988,462) from the Reena Foundation for the Lou Fruitman Reena Residence (Note 7).

**12. Commitments**

*Lease commitments*

The future minimum annual lease payments for premises, vehicles and equipment under operating lease agreements expiring at various dates to fiscal 2033 and thereafter are approximately as follows:

	\$
2023	1,330,193
2024	287,547
2025	255,503
2026	255,426
2027	253,598
Thereafter	315,315
	<u>2,697,582</u>

**13. Line of credit**

Reena has an agreement for an operating line of credit of \$1,000,000 (\$1,000,000 in 2021) bearing interest at 3.20% (2.45% in 2021). The balance outstanding as at March 31, 2022 and 2021 was \$nil.

**14. Guarantees**

Indemnity has been provided to all directors and/or officers of Reena for various items including, but not limited to, all costs to settle suits or actions due to their involvement with Reena, subject to certain restrictions. Reena has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payment cannot be reasonably estimated.

**15. Financial instrument risks**

Reena manages financial risks associated with financial instruments as summarized below:

- Credit risk is the possibility that other parties may default on their financial obligations. Reena manages its credit risk by maintaining an allowance for potential credit losses.
- Liquidity risk is the risk that Reena cannot repay its obligations when they become due to its creditors. Reena has a liquidity risk in accounts payable and accrued liabilities, construction loans, and mortgages. Reena reduces its exposure to liquidity risk by ensuring that it plans for the cash flows required when payments become due; maintains an available line of credit; and repaying and/or refinancing construction loans and mortgages interest and principal as they become due. In addition, related entities who are also members of Reena Community Services Canada raise, invest and provide funds to Reena which further mitigates any liquidity risk.
- Interest rate risk is the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. Reena manages this risk on investments by investing in short term bonds which limits exposure to this risk. Reena also obtains mortgages at fixed rates with varying maturity dates, which allows Reena to manage future cash flows.



**16. Pay equity**

Under pay equity legislation, Reena is required to make annual pay adjustments of 1% per annum based on the prior year's payroll. The MCCSS has not provided funding for the adjustments from 2010 to date. As such, Reena has not been able to make the full required pay adjustments. Reena has expensed \$160,626 (including benefits) during the year ended March 31, 2022 (\$157,784 in 2021) and is pay equity compliant up to the year ended March 31, 2022.

**17. Controlled organizations**

*Chai-Tikvah Foundation ("Chai-Tikvah")*

Chai-Tikvah was incorporated under the Ontario Business Corporations Act in 1981 as a not-for profit organization without share capital and is a registered charity under the Income Tax Act (Canada) and therefore is not subject to income tax. Chai-Tikvah provides housing and other assistance in promoting social and general rehabilitation for persons recovering from serious mental illness with a view to enabling such persons to become self-supporting.

On October 1, 2019 Chai-Tikvah integrated with Reena. Reena, the sole member of Chai-Tikvah, has the ability to appoint all of the members of the Board of Directors and, as such, exercises control over Chai-Tikvah.

Reena has elected to provide the following disclosures with respect to this controlled organization which is not consolidated in these financial statements.

Transactions during the year with Chai-Tikvah were as follows:

- (i) Chai-Tikvah paid Reena \$21,186 (\$42,372 in 2021) for administrative salaries and benefits.
- (ii) Reena paid Chai-Tikvah \$423,794 (\$463,928 in 2021) for professional services rendered.
- (iii) Reena contributed \$nil (\$444,272 in 2021) to Chai-Tikvah to fund capital assets additions.

As at March 31, 2022, Reena has a net receivable from Chai-Tikvah of \$38,841 (\$23,226 in 2021) which is interest free and payable on demand. In addition, Reena made a loan of \$400,000 (\$nil in 2021) which bears no interest and has no fixed maturity date. The total of \$438,841 is included in accounts receivable.

The following is a summary of financial information extracted from the financial statements of Chai-Tikvah:

	<b>2022</b>	2021
	\$	\$
Current assets	<b>516,606</b>	82,221
Capital assets	<b>3,004,367</b>	3,123,409
	<b>3,520,973</b>	3,205,630
Current liabilities	<b>158,080</b>	974,213
Long-term liabilities	<b>2,300,167</b>	1,142,065
	<b>2,458,247</b>	2,116,278
Fund balances	<b>1,062,726</b>	1,089,352
	<b>3,520,973</b>	3,205,630

**17. Controlled organizations (continued)**

	<b>2022</b>	2021
	\$	\$
Revenue	<b>801,534</b>	777,540
Expenses, including amortization of \$119,042 (\$98,363 in 2021)	<b>828,160</b>	849,275
Deficiency of revenue over expenses	<b>(26,626)</b>	(71,735)
Cash flows provided by		
Operating activities	<b>28,783</b>	49,662
Investing activities	—	(4,913)
Financing activity	<b>340,732</b>	(57,148)
Net cash inflow (outflow)	<b>369,515</b>	(12,399)

**18. Government assistance - wage subsidy**

The Canadian Emergency Wage Subsidy (CEWS) was available to organizations that experienced a reduction in revenue. This subsidy does not have to be repaid and has been recognized as Federal grants revenue. During the year, Reena recorded revenue of \$3,378,058 (\$8,949,729 in 2021) from this program.

**19. Pandemic response**

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of Reena in future periods.