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# Financial statements of Reena Inc.

March 31, 2024

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## Independent Auditor's Report

To the Member of  
Reena Inc.

### Opinion

We have audited the financial statements of Reena Inc. ("Reena"), 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 (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, 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 ("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 28, 2024

**Reena Inc.**  
**Statement of financial position**  
As at March 31, 2024

	Notes	2024 \$	2023 \$
<b>Assets</b>			
Current assets			
Cash	3	1,413,129	2,801,323
Restricted cash and investments	3	9,995,174	5,720,348
Government grants receivable		105,638	460,731
Accounts receivable		3,276,378	1,440,428
Prepaid expenses		248,911	230,470
Due from Batay Reena	7	13,286	—
Due from Reena Foundation	7	49,648	132,351
		<b>15,102,164</b>	10,785,651
Prepaid lease	4	713,605	703,985
Capital assets	5 and 7	65,638,284	60,397,000
		<b>81,454,053</b>	71,886,636
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	9 and 10	13,250,350	12,759,895
Current portion of mortgages payable	8	700,501	672,916
Due to Batay Reena	7	—	768,527
		<b>13,950,851</b>	14,201,338
Replacement reserve	6	1,489,115	1,218,578
Deferred capital contributions	11	45,538,514	35,123,069
Mortgages payable	8	15,595,607	16,290,637
		<b>76,574,087</b>	66,833,622
Commitments	12		
<b>Fund balances</b>			
General		2,641,173	2,814,221
Capital contributions - land		2,238,793	2,238,793
		<b>4,879,966</b>	5,053,014
		<b>81,454,053</b>	71,886,636

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

Approved by the Board

; Director  
; Director

**Reena Inc.**  
**Statement of operations**  
Year ended March 31, 2024

	Notes	<b>2024</b>	2023
		<b>\$</b>	<b>\$</b>
			(Note 17)
<b>Revenue</b>			
Government			
Ontario Ministry of Children, Community and Social Services		<b>57,869,407</b>	55,077,731
Ontario Ministry of Children, Community and Social Services – Developmental Services Housing (“DSH”)		<b>1,073,835</b>	1,027,245
Ontario Ministry of Health		<b>459,119</b>	675,794
Federal grants		<b>1,370,169</b>	458,011
Rental revenue and user fees		<b>9,982,836</b>	7,201,501
Jewish Federation of Greater Toronto and Trillium Foundation		<b>590,036</b>	87,223
Amortization of deferred capital contributions	11	<b>1,521,730</b>	1,577,757
Investment income		<b>313,755</b>	62,719
Grant from Reena Foundation	7	<b>796,849</b>	906,419
Grant from Batay Reena	7	<b>125,000</b>	125,000
Grant from Chai Tikvah Foundation	16	<b>50,692</b>	—
Other		<b>192,451</b>	220,180
		<b>74,345,879</b>	67,419,580
<b>Expenses</b>			
Salaries, contract wages and related costs	16	<b>56,156,184</b>	49,093,114
Housing and accommodation	7	<b>6,027,230</b>	6,406,659
Food and supplies		<b>2,451,116</b>	2,362,187
Interest on mortgages		<b>201,834</b>	218,541
Purchased services and professional fees	16	<b>5,523,697</b>	5,156,171
Supported individuals’ personal needs		<b>518,938</b>	427,642
Computer equipment and services		<b>308,149</b>	300,705
Vehicles, maintenance and transportation		<b>515,152</b>	525,611
Amortization of capital assets		<b>2,474,275</b>	2,255,900
Insurance		<b>342,352</b>	302,573
Grant to Chai Tikvah Foundation	16	<b>—</b>	400,000
		<b>74,518,927</b>	67,449,103
<b>Deficiency of revenue over expenses for the year</b>		<b>(173,048)</b>	<b>(29,523)</b>

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

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

Year ended March 31, 2024

		<b>General fund \$</b>	<b>Capital contribution - land \$</b>	<b>2024 Total \$</b>	2023 Total \$
	Notes				
<b>Fund balances, beginning of year</b>		<b>2,814,221</b>	<b>2,238,793</b>	<b>5,053,014</b>	3,807,537
Deficiency of revenue over expenses for the year		<b>(173,048)</b>	—	<b>(173,048)</b>	(29,523)
Land donation	7	—	—	—	1,275,000
<b>Fund balances, end of year</b>		<b>2,641,173</b>	<b>2,238,793</b>	<b>4,879,966</b>	5,053,014

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

**Reena Inc.**  
**Statement of cash flows**  
Year ended March 31, 2024

	2024	2023
	\$	\$
		(Note 17)
<b>Operating activities</b>		
Deficiency of revenue over expenses for the year	(173,048)	(29,523)
Add items not involving cash		
Amortization of capital assets	2,474,275	2,255,900
Amortization of deferred capital contributions	(1,521,730)	(1,577,757)
	<b>779,497</b>	648,620
Changes in non-cash working capital balances related to operations		
Government grants receivable	355,093	177,617
Accounts receivable	(1,835,950)	1,376,594
Prepaid expenses	(18,441)	22,201
Due from Reena Foundation	82,703	(81,925)
Due to/from Batay Reena	(781,813)	807,741
Prepaid lease	(9,620)	(10,178)
Accounts payable and accrued liabilities	490,455	363,633
Replacement reserve	270,537	235,733
	<b>(667,539)</b>	3,540,036
<b>Investing activities</b>		
Increase in restricted cash and investments	(4,274,826)	(1,300,656)
Additions to capital assets	(7,715,559)	(5,298,950)
Land donation	7	1,275,000
Capital contribution received	11,937,175	4,610,018
	<b>(53,210)</b>	(714,588)
<b>Financing activities</b>		
Proceeds from mortgages during the year	-	13,975,702
Repayments of mortgages during the year	(667,445)	(562,945)
Repayments of construction loans payable	-	(13,975,702)
	<b>(667,445)</b>	(562,945)
(Decrease) increase in cash during the year	<b>(1,388,194)</b>	2,262,503
Cash, beginning of year	<b>2,801,323</b>	538,820
<b>Cash, end of year</b>	<b>1,413,129</b>	2,801,323
<b>Supplemental cash flow information</b>		
Mortgage interest paid	<b>201,834</b>	218,541

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



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

Reena Inc. ("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 on August 28, 2023 transitioned to the Canada Not-for-Profit Corporations Act. In 2024, it rebranded as Reena Inc.; previously it was operating under the name 'Reena'.

Reena 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                      | • This fund is available for general purposes and records the transactions associated with the operating activities of Reena and its investment in capital assets |
| Capital contributions - land | • This fund records grants received for the purchase of land.   |

### *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.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost. When the instrument has repayment terms, cost is determined using its undiscounted cash flows, excluding interest payments, less any impairment losses. Otherwise, the cost is determined using the consideration transferred or received by Reena.

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

### *Financial instruments (continued)*

Subsequently, all financial instruments are measured at amortized cost, except for cash, restricted cash and investments. Reena has elected to use the fair value option to measure cash, 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.

Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired. If a significant adverse change in cash flows from the instrument has occurred, an impairment charge is recognized for the excess of the carrying amount over the present value of the cash flows expected from the asset, or the amounts that could be realized by sale or exercise of rights to collateral, if either of these amounts is higher. A previously recognized impairment charge may be reversed in future periods.

### *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 restricted investments, 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. Fair value is determined on the basis of their market value or appraisal values, or the market value of similar capital assets.

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.

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

*Capital assets (continued)*

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.

*Investments*

Investments include debt securities issued by the Canadian Federal and Provincial governments and Canadian banks, some of which mature beyond March 31, 2024. However, they are presented 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.

**3. Cash, 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, 2024, Reena held letters of credit in the amount of \$346,000, \$21,000 and \$680,639 expiring on May 30, 2024; November 8, 2024; and July 5, 2024, respectively (\$680,639 and \$21,000 expiring on July 5, 2023 and November 8, 2023, respectively in 2023).

**4. Prepaid lease**

The Sandy Keshen Reena Residence on the Lebovic Campus located in the City of Vaughan, Ontario, 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 2010, to be applied to the lease once construction began. The remaining \$400,000 is payable in equal installments over 20 years, commencing in 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.

The prepaid lease balance consists of:

	<b>2024</b>	2023
	\$	\$
Deposit	<b>600,000</b>	600,000
Lease instalment payment	<b>180,000</b>	160,000
Lease expense	<b>(90,909)</b>	(80,529)
Non-recoverable Harmonized Sales Tax	<b>10,560</b>	10,560
Other (legal fees on lease agreement)	<b>13,954</b>	13,954
	<b>713,605</b>	703,985

## 5. Capital assets

Capital assets consist of the following:

	Cost \$	Accumulated amortization \$	2024 Net book value \$	2023 Net book value \$
Land	7,854,430	—	7,854,430	7,854,430
Buildings	48,158,405	(3,804,410)	44,353,995	45,396,635
Building improvements	11,462,717	(5,087,079)	6,375,638	4,426,756
Vehicles	616,726	(337,693)	279,033	64,817
Computers and software	162,700	(115,969)	46,731	70,042
Construction-in-progress	6,728,457	—	6,728,457	2,584,320
	<b>74,983,435</b>	<b>(9,345,151)</b>	<b>65,638,284</b>	<b>60,397,000</b>

As at March 31, 2024, construction-in-progress of \$6,728,457 is related to the property at 165 Elm Ridge Drive (\$2,584,320 related to properties at 165 Elm Ridge Drive, 38 Clifton Avenue and 19 Barksdale Avenue in 2023). The property is currently under construction and therefore not amortized.

During the year, \$1,289,160 (nil in 2023) related to the properties at 38 Clifton Avenue and 19 Barksdale Avenue was transferred out of construction-in-progress as their construction was completed.

## 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 Sandy Keshen Reena Residence and Lou Fruitman Reena Residence.

	2024 \$	2023 \$
Ministry of Children, Community and Social Services		
Balance, beginning of year	629,448	604,835
Funding received during the year	35,396	35,796
Investment losses (gains)	2,516	(11,183)
Balance, end of year	667,360	629,448
Sandy Keshen Reena Residence Replacement Reserve	451,766	377,882
Lou Fruitman Reena Residence	369,989	211,248
	<b>1,489,115</b>	<b>1,218,578</b>

Investment 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 \$1,425,151 (\$1,879,734 in 2023) to Batay Reena for the use of the Battle Centre facility and 12 residences (12 in 2023), which is included in housing and accommodation expenses on the Statement of operations.

During the year, Batay Reena paid \$12,000 (\$12,000 in 2023) in rent to Reena, which is included in other revenue on the statement of operations.

The amount receivable from Batay Reena of \$13,286 (\$768,527 payable in 2023) is interest-free and due on demand.

During the year, Batay Reena granted \$1,400,000 (nil in 2023) for the construction of the Frankfort Family Reena Residence (Note 11), and \$125,000 (\$125,000 in 2023) towards Reena@50 events.

In the prior year, Batay Reena donated to Reena land with an original cost of \$1,275,000 and a building with a net book value of \$104,014. The donated land of \$1,275,000 was recognized in the statement of changes in fund balances as a direct increase in capital contribution – land. The donated building of \$104,014 was included in deferred capital contributions (Note 11). No similar transaction occurred during the current year.

### *Reena Foundation*

During the year, Reena Foundation granted \$1,263,849 (\$906,419 in 2023) to Reena. Reena recognized \$796,849 (\$906,419 in 2023) as revenue. This grant supports both ministry and non-ministry funded program activities.

During the year, Reena Foundation provided capital contributions in the amount of \$900,000 (\$789,000 in 2023) to Reena for the Lou Fruitman Reena Residence, and \$1,600,000 (\$1,700,000 in 2023) for the Frankfort Family Reena Residence (Note 11).

The amount receivable from Reena Foundation of \$49,648 (\$132,351 in 2023) 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 \$60,000 (\$280,000 in 2023) related to the construction of the Lou Fruitman Reena Residence.

## **8. Mortgages payable**

The mortgages bear interest from 0.79% to 5.97% (0.79% to 6.14% in 2023) with a weighted average of 3.17% per annum (3.06% in 2023), are repayable in monthly installments of principal and interest of \$81,350 (\$82,886 in 2023) and are secured against the related properties that are included in capital assets. The mortgages mature between November 2024 and June 2033 (between June 2023 and September 2027 in 2023). 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 2024 in the following table has been calculated on the assumption that the mortgages which mature prior to March 31, 2024 will be renewed under the existing terms.

**8. Mortgages payable (continued)**

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

	<u>\$</u>
2025	700,501
2026	673,965
2027	606,088
2028	481,204
2029	409,813
Thereafter	<u>13,424,537</u>
	16,296,108
Less: current portion	<u>700,501</u>
	<u>15,595,607</u>

**9. Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities are amounts owing relating to government remittances of \$529,597 (\$458,164 in 2023).

**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, 2024 and 2023:

**10. Government assistance – Ministry of Children, Community and Social Services (continued)**

	DSSL - Adults' Community Accommodation	Adults' Community Support Services	Broader Public Sector - Other Developmental Services	DBS - Employment Supports	Respite Services	2024 Total
	\$	\$	\$	\$	\$	\$
Toronto Area Office						
MCCSS funding	38,933,187	4,348,552	13,336	310,877	—	43,605,952
Client contribution payments and other revenue	1,312,494	1,423,963	—	—	145,957	2,882,414
	<b>40,245,681</b>	<b>5,772,515</b>	<b>13,336</b>	<b>310,877</b>	<b>145,957</b>	<b>46,488,366</b>
Salary and staff training	31,918,637	4,282,074	13,336	287,768	135,663	36,637,478
Building occupancy	2,993,869	585,396	—	—	4,033	3,583,298
Travel and communication	351,868	183,593	—	128	96	535,685
Allocated central administration	3,677,349	423,675	—	30,104	300	4,131,428
Supplies and equipment	814,205	267,739	—	—	16,331	1,098,275
Other program/service expenditure	1,356,468	159,361	—	—	22	1,515,851
	<b>41,112,396</b>	<b>5,901,838</b>	<b>13,336</b>	<b>318,000</b>	<b>156,445</b>	<b>47,502,015</b>
Deficit	<b>(866,715)</b>	<b>(129,323)</b>	<b>—</b>	<b>(7,123)</b>	<b>(10,488)</b>	<b>(1,013,649)</b>

	DSSL - Adults' Community Accommodation	Adults' Community Support Services	Broader Public Sector - Other Developmental Services	DBS - Employment Supports	Respite Services	2023 Total
	\$	\$	\$	\$	\$	\$
Toronto Area Office						
MCCSS funding	37,563,944	4,348,552	13,336	310,877	23,051	42,259,760
Client contribution payments and other revenue	2,237,419	1,068,763	—	—	2,870	3,309,052
	<b>39,801,363</b>	<b>5,417,315</b>	<b>13,336</b>	<b>310,877</b>	<b>25,921</b>	<b>45,568,812</b>
Salary and staff training	29,827,912	3,860,058	13,336	288,331	15,410	34,005,047
Building occupancy	4,360,580	681,850	—	—	36,698	5,079,128
Travel and communication	338,548	178,358	—	427	87	517,420
Allocated central administration	3,077,404	402,683	—	22,104	—	3,502,191
Supplies and equipment	1,480,691	264,740	—	15	8,228	1,753,674
Other program/service expenditure	793,383	241,057	—	—	700	1,035,140
	<b>39,878,518</b>	<b>5,628,746</b>	<b>13,336</b>	<b>310,877</b>	<b>61,123</b>	<b>45,892,600</b>
Deficit	<b>(77,155)</b>	<b>(211,431)</b>	<b>—</b>	<b>—</b>	<b>(35,202)</b>	<b>(323,788)</b>

**Reena Inc.**

**Notes to the financial statements**

March 31, 2024

**10. Government assistance – Ministry of Children, Community and Social Services (continued)**

<b>Central Region Office</b>	<b>Respite Services</b>	<b>DSSL - Adults' Community Accomodation</b>	<b>DSSL - Children's Community Accomodation</b>	<b>Adult's DS Community Support Services</b>	<b>2024 Total</b>
	\$	\$	\$	\$	\$
MCCSS funding	225,423	13,642,110	782,839	507,583	15,157,955
Client contribution payments and other revenue	7,607	805,496	806,775	—	1,619,878
	<b>233,030</b>	<b>14,447,606</b>	<b>1,589,614</b>	<b>507,583</b>	<b>16,777,833</b>
Salary and staff training	259,307	11,341,325	1,284,448	145,446	13,030,526
Building occupancy	5,053	643,594	150,221	270,134	1,069,002
Travel and communication	15	78,954	13,692	19,095	111,756
Allocated central administration	22,000	1,267,191	73,990	48,397	1,411,578
Supplies and equipment	10,145	209,601	23,221	9,993	252,960
Other program/service expenditure	332	1,219,778	110,619	18,367	1,349,096
	<b>296,852</b>	<b>14,760,443</b>	<b>1,656,191</b>	<b>511,432</b>	<b>17,224,918</b>
Deficit	<b>(63,822)</b>	<b>(312,837)</b>	<b>(66,577)</b>	<b>(3,849)</b>	<b>(447,085)</b>

Central Region Office	Respite Services	DSSL - Adults' Community Accomodation	DSSL - Children's Community Accomodation	Adult's DS Community Support Services	2023 Total
	\$	\$	\$	\$	\$
MCCSS funding	225,423	12,169,193	782,839	567,183	13,744,638
Client contribution payments and other revenue	—	395,693	493,427	—	889,120
	<b>225,423</b>	<b>12,564,886</b>	<b>1,276,266</b>	<b>567,183</b>	<b>14,633,758</b>
Salary and staff training	161,136	9,596,812	1,055,474	58,690	10,872,112
Building occupancy	2,500	647,778	42,475	413,853	1,106,606
Travel and communication	—	56,347	11,339	12,014	79,700
Allocated central administration	—	1,291,526	81,990	35,897	1,409,413
Supplies and equipment	3,221	246,646	55,029	1,548	306,444
Other program/service expenditure	60,000	921,735	34,236	47,567	1,063,538
	<b>226,857</b>	<b>12,760,844</b>	<b>1,280,543</b>	<b>569,569</b>	<b>14,837,813</b>
Deficit	<b>(1,434)</b>	<b>(195,958)</b>	<b>(4,277)</b>	<b>(2,386)</b>	<b>(204,055)</b>

The accounts payable and accrued liabilities balance as at March 31, 2024 includes \$894,500 (nil in 2023) of deferred revenue from the MCCSS.



**11. Deferred capital contributions**

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

	<b>2024</b>	2023
	\$	\$
Balance, beginning of year	<b>35,123,069</b>	32,090,808
Add: contributions received	<b>11,937,175</b>	4,610,018
Less: amortization	<b>(1,521,730)</b>	(1,577,757)
Balance, end of year	<b>45,538,514</b>	35,123,069

Included in contributions received is \$2,500,000 (\$2,489,000 in 2023) from the Reena Foundation including \$900,000 (\$789,000 in 2023) for the construction of the Lou Fruitman Reena Residence and \$1,600,000 (\$1,700,000 in 2023) for the Frankfort Family Reena Residence (Note 7).

In addition, contributions received includes \$1,400,000 (\$104,014 in 2023) from Batay Reena related to donated building.

**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:

	\$
2025	1,304,169
2026	430,915
2027	414,281
2028	411,873
2029	366,434
Thereafter	350,377
	<u>3,278,049</u>

**13. Line of credit**

Reena has an agreement for an operating line of credit of \$1,000,000 (\$1,000,000 in 2023) bearing interest at 7.95% (6.7% in 2023). The balance outstanding as at March 31, 2024 and 2023 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*

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*

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 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. Controlled organization**

Chai-Tikvah Foundation ("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 provided 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.

On April 1, 2023, Chai-Tikvah operation was integrated into Reena. As a result, Chai-Tikvah transferred to Reena its operating assets and liabilities.

In addition, on April 1, 2023, Chai-Tikvah transferred to Batay Reena its land and buildings along with the related mortgage payable, deferred capital contributions and term loan.

Chai-Tikvah continue to exist as a shell corporation without operations, assets or liabilities.

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 nil (\$62,854 in 2023) for administrative salaries and benefits.
- (ii) Reena paid Chai-Tikvah nil (\$423,801 in 2023) for professional services rendered.
- (iii) During 2023, Reena forgave a loan of \$400,000 which is presented as grant expense on the Statement of operations.
- (iv) During 2024, as a result of the integration of Chai-Tikvah operation into Reena, \$50,692 representing the excess of the transferred assets over the transferred liabilities, was recognized in Reena as grant revenue.

**16. Controlled organization (continued)**

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

	<b>2024</b>	2023
	<b>\$</b>	<b>\$</b>
Current assets	—	79,629
Capital assets	—	3,259,703
	<u>—</u>	<u>3,339,332</u>
Current liabilities	—	1,538,270
Long-term liabilities	—	375,239
	<u>—</u>	<u>1,913,509</u>
Fund balances	—	1,425,823
	<u>—</u>	<u>3,339,332</u>
	<b>2024</b>	2023
	<b>\$</b>	<b>\$</b>
Revenue	—	1,112,038
Expenses, including amortization of nil (\$108,059 in 2023)	—	748,941
Excess of revenue over expenses	<u>—</u>	<u>363,097</u>
Cash flows provided (used) by		
Operating activities	—	413,230
Investing activities	—	(363,395)
Financing activity	—	(456,485)
Net cash outflow	<u>—</u>	<u>(406,650)</u>

**17. Comparative amounts**

Certain of the prior year comparative amounts for revenue in the statement of operations and for financing activities in the statements of cash flows have been reclassified to conform to the current year's financial statement presentation.