

*Financial Statements of*  
**ROSSBROOK HOUSE INC.**  
*March 31, 2020*



Deloitte LLP  
360 Main Street  
Suite 2300  
Winnipeg MB R3C 3Z3  
Canada

Tel: (204) 942-0051  
Fax: (204) 947-9390  
www.deloitte.ca

## INDEPENDENT AUDITOR'S REPORT

To the Directors of Rossbrook House Inc.

### Qualified Opinion

We have audited the financial statements of Rossbrook House Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2020, 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 (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, 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 ("ASNPO").

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives part of its revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the year ended March 31, 2020.

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 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 audit 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.

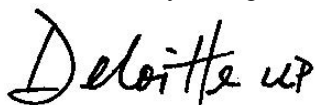
## **Auditor's Responsibilities for the Audit of the Financial Statements**

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 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 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.

The logo for Deloitte, featuring the word "Deloitte" in a stylized, cursive script font, followed by the letters "UP" in a smaller, simpler font.

Chartered Professional Accountants

June 16, 2020  
Winnipeg, Manitoba

## TABLE OF CONTENTS

	<u>Page</u>
Statement of Operations and Changes in Net Assets	1
Statement of Financial Position	2
Statement of Cash Flows	3
Notes to the Financial Statements	4 – 7
Schedule - Operating Expenses	8

**ROSSBROOK HOUSE INC.**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended March 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Grants (Note 7)	\$ 919,417	\$ 914,318
Donations from foundations and service organizations	260,921	307,663
Rossbrook House Foundation donations	213,125	294,250
Private donations	254,684	301,764
Interest and other income	8,721	8,570
Amortization of deferred contributions (Note 5)	62,744	75,670
	<u>1,719,612</u>	<u>1,902,235</u>
<b>EXPENSES</b>		
Operating expenses - Schedule	1,708,913	1,739,999
Amortization	64,005	72,438
	<u>1,772,918</u>	<u>1,812,437</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	(53,306)	89,798
TRANSFER OF DESIGNATED GIFTS TO ROSSBROOK HOUSE FOUNDATION INC. (Note 6)	(5,558)	(14,587)
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	(58,864)	75,211
NET ASSETS, BEGINNING OF YEAR	133,051	47,840
CONTRIBUTION OF NON-DEPRECIABLE ASSET	-	10,000
NET ASSETS, END OF YEAR	<u>\$ 74,187</u>	<u>\$ 133,051</u>

**ROSSBROOK HOUSE INC.**  
**Statement of Financial Position**  
**March 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 183,290	\$ 275,455
Accounts receivable	3,325	3,001
Grants receivable	97,700	64,085
Prepaid expenses	3,807	5,282
	<u>288,122</u>	<u>347,823</u>
<b>FIXED ASSETS (Note 3)</b>	<b>525,482</b>	569,912
	<b>\$ 813,604</b>	<b>\$ 917,735</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 134,913	\$ 134,061
Deferred contributions - operating (Note 4)	16,950	9,360
Due to Rossbrook House Foundation Inc.	-	960
	<u>151,863</u>	<u>144,381</u>
<b>DEFERRED CONTRIBUTIONS FIXED ASSETS (Note 5)</b>	<b>587,554</b>	640,303
	<b>739,417</b>	<b>784,684</b>
<b>NET ASSETS</b>		
Unrestricted	74,187	133,051
	<b>\$ 813,604</b>	<b>\$ 917,735</b>

APPROVED BY THE BOARD

..... Director

..... Director

**ROSSBROOK HOUSE INC.**  
**Statement of Cash Flows**  
Year Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenue over expenses from operations	\$ (58,864)	\$ 75,211
Items not affecting cash:		
Amortization of fixed assets	64,005	72,438
Amortization of deferred contributions - operating	(9,360)	(9,240)
Amortization of deferred contributions - fixed assets	(62,744)	(75,670)
	<u>(66,963)</u>	62,739
Changes in non-cash operating working capital items:		
Accounts receivable	(324)	422
Grants receivable	(33,615)	-
Prepaid expenses	1,475	(1,623)
Accounts payable and accrued liabilities	852	5,140
Due to Rossbrook House Foundation Inc.	(960)	(1,131)
	<u>(99,535)</u>	65,547
<b>FINANCING ACTIVITIES</b>		
Deferred contributions - operating	16,950	9,360
Deferred contributions - fixed assets	9,995	39,999
	<u>26,945</u>	49,359
<b>INVESTING ACTIVITY</b>		
Fixed asset additions	(19,575)	(39,116)
<b>NET (DECREASE) INCREASE IN CASH POSITION</b>	<b>(92,165)</b>	75,790
<b>CASH POSITION, BEGINNING OF YEAR</b>	<b>275,455</b>	199,665
<b>CASH POSITION, END OF YEAR</b>	<b>\$ 183,290</b>	<b>\$ 275,455</b>

**ROSSBROOK HOUSE INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

---

**1. DESCRIPTION OF OPERATIONS**

Rosbrook House Inc. ("the Organization") is a not-for-profit organization that operates a neighbourhood centre serving children, adolescents and young adults. The Organization offers a safe and positive diversion from life on the streets. The Organization is a registered charity under the Income Tax Act.

**2. ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) 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. Contributions restricted for the purchase of fixed assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets. 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.

Unrestricted investment income is recognized as revenue when earned.

b) Fixed assets

Fixed assets are recorded at cost. Amortization is computed using the straight-line method at rates calculated to amortize the cost of the assets less their residual values over their estimated useful lives. Amortization rates are as follows:

Buildings	25 years
Furniture, fixtures and equipment	5 years
Vehicles	5 years
Computer equipment	5 years

c) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.



**ROSSBROOK HOUSE INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

---

**2. ACCOUNTING POLICIES (continued)**

c) Financial instruments (continued)

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

d) Use of estimates

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 assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the useful life of fixed assets. Actual results could differ from these estimates.

**3. FIXED ASSETS**

	<u>2020</u>			<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 10,002	\$ -	\$ 10,002	\$ 10,002
Buildings	1,780,300	1,298,731	481,569	521,157
Furniture, fixtures and equipment	174,843	164,402	10,441	3,933
Vehicles	97,127	73,657	23,470	34,820
Computer equipment	51,935	51,935	-	-
	<u>\$2,114,207</u>	<u>\$1,588,725</u>	<u>\$ 525,482</u>	<u>\$ 569,912</u>

The Organization holds title to the properties located at 429 Elgin Avenue, 658 Ross Avenue and 588 Ross Avenue. Under the terms of the purchase agreements, the Organization may not sell the properties at 429 Elgin Avenue and 658 Ross Avenue and the properties must be utilized as multi-purpose community based resource residential education and training centres. In the event that these two properties are not used for this purpose, they revert back to the City of Winnipeg.

**ROSSBROOK HOUSE INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

---

**4. DEFERRED CONTRIBUTIONS – OPERATING**

Deferred contributions - operating relates to restricted operating funding received in the current year that relates to the subsequent year. Changes in deferred contributions are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 9,360	\$ 9,240
Amount recognized as revenue in the year	(9,360)	(9,240)
Amount received related to the following year	16,950	9,360
Balance, end of year	<u>\$ 16,950</u>	<u>\$ 9,360</u>

The amount of deferred contributions - operating recognized as revenue in the current year is included in donations from foundations and service organizations on the statement of operations and changes in net assets.

**5. DEFERRED CONTRIBUTIONS – FIXED ASSETS**

The amortization of capital contributions is recorded as revenue in the statement of operations and changes in net assets.

Deferred contributions - fixed assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of fixed assets. Changes for the year in the deferred contributions - fixed assets balance reported are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 640,303	\$ 555,974
Amounts amortized to revenue	(62,744)	(75,670)
Amounts received	9,995	159,999
Balance, end of year	<u>\$ 587,554</u>	<u>\$ 640,303</u>

The balance of deferred contributions – fixed assets consists of the following:

	<u>2020</u>	<u>2019</u>
Unamortized capital contributions	\$ 500,637	\$ 553,386
Unspent contributions	86,917	86,917
Balance, end of year	<u>\$ 587,554</u>	<u>\$ 640,303</u>

**6. ROSSBROOK HOUSE FOUNDATION INC.**

During the year, the Organization received a gift of \$213,125 (2019 - \$344,250) from Rossbrook House Foundation Inc., and the Organization transferred designated gifts of \$5,558 (2019 - \$14,587) to Rossbrook House Foundation Inc.

**ROSSBROOK HOUSE INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

---

**7. GRANTS – UNRESTRICTED**

	<u>2020</u>	<u>2019</u>
Provincial Government		
Healthy Child Manitoba – Sustaining Funding	<b>\$ 286,000</b>	\$ 286,000
City of Winnipeg - Sustaining Funding	<b>249,954</b>	256,343
United Way of Winnipeg - Sustaining Funding	<b>264,194</b>	256,488
	<b>800,148</b>	798,831
Provincial Government		
Department of Education and Training	<b>40,000</b>	40,000
Learning Always	<b>31,260</b>	28,080
Lighthouses	<b>12,000</b>	12,000
Urban Green Team	<b>17,709</b>	15,407
White Sash	<b>16,000</b>	16,000
Scholarship	<b>2,300</b>	3,000
Miscellaneous	-	1,000
	<b>\$ 919,417</b>	\$ 914,318

**8. BUDGET FIGURES**

Budget figures are unaudited and have been compiled by the Organization to be presented as additional information in compliance with the Healthy Child Manitoba Office reporting requirements.

**9. PENSION PLAN**

The employees of Rossbrook House Inc. participate in the Community Agencies Retirement Plan, a multi-employer defined benefit plan. This plan, to which the Organization contributed \$39,580 (2019 - \$46,322), is accounted for as a defined contribution plan.

**ROSSBROOK HOUSE INC.**  
**Operating Expenses**  
**Year Ended March 31, 2020**

	<u>2020</u>	<u>Budget</u> (Note 8) (Unaudited)	<u>2019</u>
Accounting and auditing	\$ 9,558	\$ 9,600	\$ 9,315
Bank charges and interest	2,969	3,000	3,428
Education programs	36,676	43,800	30,493
Equipment purchases and repairs	2,083	3,000	4,271
Food and household supplies	62,766	65,000	76,129
G.S.T.	6,671	16,000	6,277
Garbage removal	11,751	7,000	9,817
Honorariums	0		-
Insurance	15,909	12,800	12,783
Miscellaneous	8,921	4,400	6,009
Office supplies and computer	23,075	35,200	27,903
Realty taxes	2,489	900	670
Storage rent	1,426	1,200	1,314
Repairs and maintenance - building	55,646	62,600	33,582
Rossbrook House program	162,758	207,500	187,135
Transportation	26,219	34,200	31,632
Utilities			
Gas	5,616	6,800	6,900
Electricity	12,535	12,800	12,075
Telephone	15,613	7,200	10,989
Water	3,420	5,200	5,421
Wages, benefits and taxes			
Gross wages	1,099,511	1,097,600	1,108,592
Canada Pension Plan	46,079	43,100	44,569
Employment Insurance	23,391	26,900	24,001
Community Agencies Benefits Plan	23,615	30,000	24,443
Community Agencies Retirement Plan	39,580	50,000	46,322
Other benefits	10,636	36,000	15,929
	<b>\$ 1,708,913</b>	<b>\$ 1,821,800</b>	<b>\$ 1,739,999</b>