

Financial Statements of

ROSSBROOK HOUSE INC.

March 31, 2024



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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, 2024, 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, 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 ("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 of revenue over expenses, and cash flows from operations for the year ended March 31, 2024.

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 a small graphic element resembling a stylized "up" or a checkmark.

Chartered Professional Accountants

Winnipeg, Manitoba
June 25, 2024

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ROSSBROOK HOUSE INC.
Statement of Operations and Changes in Net Assets
Year Ended March 31, 2024

	<u>2024</u>	<u>2023</u>
REVENUE		
Grants (Note 7)	\$ 868,229	\$ 890,527
Donations from foundations and service organizations	313,932	358,140
Rossbrook House Foundation donations	363,150	799,600
Private donations	188,509	176,681
Interest and other income	1,196	2,946
Gain on disposal of fixed assets	139,806	-
Amortization of deferred contributions (Note 5)	64,434	65,258
	<u>1,939,256</u>	<u>2,293,152</u>
EXPENSES		
Operating expenses - Schedule	1,837,052	2,092,521
Amortization	85,498	103,787
	<u>1,922,550</u>	<u>2,196,308</u>
EXCESS OF REVENUE OVER EXPENSES	16,706	96,844
NET SUPPLUS (DEFICIT), BEGINNING OF YEAR	46,867	(49,977)
NET SURPLUS, END OF YEAR	<u>\$ 63,573</u>	<u>\$ 46,867</u>

ROSSBROOK HOUSE INC.
Statement of Financial Position
March 31, 2024

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT		
Cash	\$ 38,486	\$ 85,129
Accounts receivable	4,336	3,988
Inventory	39,000	-
Grants receivable	57,676	58,926
Prepaid expenses	26,902	9,953
	166,400	157,996
FIXED ASSETS (Note 3)	550,493	504,828
	\$ 716,893	\$ 662,824
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 132,465	\$ 83,616
Due to Rossbrook House Foundation Inc.	12,350	87,567
Deferred contributions - operating (Note 4)	34,730	46,565
	179,545	217,748
DEFERRED CONTRIBUTIONS FIXED ASSETS (Note 5)	473,775	398,209
	653,320	615,957
NET SURPLUS		
Unrestricted	63,573	46,867
	\$ 716,893	\$ 662,824

APPROVED BY THE BOARD

Karen Cook Director
Gil Grenier Director

ROSSBROOK HOUSE INC.
Statement of Cash Flows
Year Ended March 31, 2024

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 16,706	\$ 96,844
Items not affecting cash:		
Amortization of fixed assets	85,498	103,787
Amortization of deferred contributions - operating	(358,758)	(446,975)
Amortization of deferred contributions - fixed assets	(64,434)	(65,258)
Gain on disposal of fixed assets	(139,806)	-
	(460,794)	(311,602)
Changes in non-cash operating working capital items:		
Accounts receivable	(348)	2,904
Inventory	(39,000)	-
Grants receivable	1,250	(47,884)
Due from/to Rossbrook House Foundation Inc.	(75,217)	90,564
Prepaid expenses	(16,949)	(2,060)
Accounts payable and accrued liabilities	48,849	(20,493)
	(542,209)	(288,571)
FINANCING ACTIVITIES		
Deferred contributions - operating	346,923	243,279
Deferred contributions - fixed assets	140,000	-
	486,923	243,279
INVESTING ACTIVITIES		
Proceeds on disposal of fixed assets	149,806	-
Fixed asset additions	(141,163)	(51,117)
	8,643	(51,117)
DECREASE IN CASH POSITION	(46,643)	(96,409)
CASH POSITION, BEGINNING OF YEAR	85,129	181,538
CASH POSITION, END OF YEAR	\$ 38,486	\$ 85,129

ROSSBROOK HOUSE INC.

Notes to the Financial Statements

March 31, 2024

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	3 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, 2024

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

	2024			2023
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 2	\$ -	\$ 2	\$ 10,002
Buildings	2,063,776	1,526,913	536,863	458,827
Furniture, fixtures and equipment	202,745	200,477	2,268	7,224
Vehicles	87,073	75,713	11,360	28,775
Computer equipment	76,876	76,876	-	-
	\$ 2,430,472	\$ 1,879,979	\$ 550,493	\$ 504,828

The Organization holds title to the properties located at 429 Elgin Avenue and 658 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, 2024

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>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 46,565	\$ 207,020
Amount recognized as revenue in the year	(358,758)	(446,975)
Amount received related to the current and following year	346,923	243,279
Amount transferred from Deferred Contributions – unspent	-	43,241
Balance, end of year	\$ 34,730	\$ 46,565

The amount of deferred contributions - operating recognized as revenue in the current year is included in grants revenue 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>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 398,209	\$ 506,708
Amounts amortized to revenue	(64,434)	(65,258)
Amounts received	140,000	-
Amount transferred to Deferred Contributions operating	-	(43,241)
Balance, end of year	\$ 473,775	\$ 398,209

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

	<u>2024</u>	<u>2023</u>
Unamortized capital contributions	\$ 406,401	\$ 330,835
Unspent contributions	67,374	67,374
Balance, end of year	\$ 473,775	\$ 398,209

6. ROSSBROOK HOUSE FOUNDATION INC.

During the year, the Organization received a gift of \$503,150 (2023 - \$799,600) from Rossbrook House Foundation Inc. including \$140,000 designated for capital purchases.

ROSSBROOK HOUSE INC.
Notes to the Financial Statements
March 31, 2024

7. GRANTS – UNRESTRICTED

	<u>2024</u>	<u>2023</u>
Provincial Government		
Healthy Child Manitoba – Sustaining Funding	\$ 286,000	\$ 286,000
City of Winnipeg - Sustaining Funding	230,705	230,705
United Way of Winnipeg - Sustaining Funding	264,189	264,189
	<hr/> 780,894	<hr/> 780,893
Provincial Government		
Alternative School Programs	40,000	40,000
Learning Always	31,200	31,200
Lighthouses	11,000	16,443
White Sash	-	(4,000)
Miscellaneous	5,135	25,121
Covid -19	-	870
	<hr/> \$ 868,229	<hr/> \$ 890,527

8. 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 \$65,282 (2023 - \$70,785), is accounted for as a defined contribution plan.

ROSSBROOK HOUSE INC.
Operating Expenses
Year Ended March 31, 2024

	<u>2024</u>	<u>2023</u>
Accounting and auditing	\$ 15,622	\$ 10,540
Bank charges and interest	2,198	2,185
Education programs	28,592	41,284
Equipment purchases and repairs	1,040	814
Food and household supplies	69,985	74,835
G.S.T.	8,462	9,591
Garbage removal	23,486	19,464
Internet	642	1,235
Insurance	18,073	17,740
Miscellaneous	5,822	21,967
Office supplies and computer	22,854	31,173
Realty taxes	1,322	1,568
Storage rent	2,151	1,939
Repairs and maintenance	16,260	26,946
Rossbrook House program	114,332	167,076
Transportation	23,353	37,175
Utilities		
Gas	18,335	20,052
Electricity	4,383	3,771
Telephone	17,542	18,888
Water	5,331	4,449
Wages, benefits and taxes		
Gross wages	1,241,804	1,363,271
Canada Pension Plan	62,562	67,423
Employment Insurance	27,149	29,649
Community Agencies Benefits Plan	32,802	37,565
Community Agencies Retirement Plan	65,282	70,785
Other benefits	7,668	11,136
	\$ 1,837,052	\$ 2,092,521