

**RESOURCE ASSISTANCE FOR YOUTH, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

## **INDEPENDENT AUDITORS' REPORT**

To the Directors of Resource Assistance for Youth, Inc.:

### **Opinion**

We have audited the financial statements of Resource Assistance for Youth, Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, 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. Our responsibilities under those standards are further described in the Auditors' 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 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 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.

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## INDEPENDENT AUDITORS' REPORT, cont'd

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk 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 auditors' 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 auditors' 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.

Winnipeg, Manitoba  
May 30, 2022

  
Chartered Professional Accountants

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## RESOURCE ASSISTANCE FOR YOUTH, INC.

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets			
Cash (note 3)	\$	918,508	\$ 1,126,287
Grants receivable		604,167	67,716
Tax refunds receivable		46,229	20,138
Inventory		-	868
Prepaid expenses		<u>31,357</u>	<u>28,737</u>
		1,600,261	1,243,746
Property and equipment (note 4)		<u>1,167,229</u>	<u>1,234,774</u>
	\$	<u>2,767,490</u>	\$ <u>2,478,520</u>
<u>Liabilities and Net Assets</u>			
Current liabilities			
Accounts payable and accrued liabilities (note 5)	\$	209,337	\$ 320,974
Deferred contributions (note 6)		<u>1,062,316</u>	<u>794,557</u>
		1,271,653	1,115,531
Deferred contributions related to property and equipment (note 7)		<u>877,987</u>	<u>934,471</u>
		<u>2,149,640</u>	<u>2,050,002</u>
Net assets			
Invested in property and equipment		289,242	300,303
Unrestricted		<u>328,608</u>	<u>128,215</u>
		<u>617,850</u>	<u>428,518</u>
	\$	<u>2,767,490</u>	\$ <u>2,478,520</u>

Approved on Behalf of the Board

 Director

 Director

**RESOURCE ASSISTANCE FOR YOUTH, INC.**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
Revenue		
Government of Canada	\$ 1,879,509	\$ 1,490,483
Province of Manitoba	1,126,270	928,816
City of Winnipeg	88,174	93,248
Charities and foundations	662,315	396,048
Donations and fundraising	87,944	177,837
Amortization of deferred contributions	56,484	69,752
Social enterprise revenue	18,305	30,393
Interest	3,430	4,031
Other income	<u>54,953</u>	<u>26,632</u>
	<u>3,977,384</u>	<u>3,217,240</u>
Expenses		
Advertising	3,894	594
Amortization of property and equipment	101,051	97,975
Automotive	61,483	31,996
Fundraising	679	1,601
Insurance	26,860	26,008
Interest and bank charges	8,933	10,106
Maintenance and property services	139,180	88,761
Meetings and conferences	8,566	21,887
Office	111,381	48,265
Professional and consulting fees	142,029	115,610
Program expenses	820,560	707,631
Property taxes	11,315	9,000
Public awareness	4,119	2,806
Rent	71,694	23,700
Telephone and internet	35,610	33,005
Travel	382	304
Utilities	21,435	27,963
Wages and benefits	<u>2,218,881</u>	<u>1,804,080</u>
	<u>3,788,052</u>	<u>3,051,292</u>
Excess of revenue over expenses for the year	\$ <u>189,332</u>	\$ <u>165,948</u>

**RESOURCE ASSISTANCE FOR YOUTH, INC.**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Invested in Property and <u>Equipment</u>	<u>Unrestricted</u>	2021 <u>Total</u>	2020 <u>Total</u>
Net assets, beginning of year	\$ 300,303	\$ 128,215	\$ 428,518	\$ 262,570
Excess (deficiency) of revenue over expenses for the year	(44,567)	233,899	189,332	165,948
Investment in property and equipment	<u>33,506</u>	<u>(33,506)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>289,242</u>	\$ <u>328,608</u>	\$ <u>617,850</u>	\$ <u>428,518</u>

**RESOURCE ASSISTANCE FOR YOUTH, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 189,332	\$ 165,948
Items not involving a current outlay of cash		
Amortization of property and equipment	101,051	97,975
Amortization of deferred contributions	<u>(56,484)</u>	<u>(69,752)</u>
	233,899	194,171
Net change in non-cash working capital balances		
Grants receivable	(536,451)	(36,741)
Tax refunds receivable	(26,090)	7,009
Inventory	868	-
Prepaid expenses	(2,619)	(25,958)
Accounts payable and accrued liabilities	(111,638)	118,485
Deferred contributions	<u>267,758</u>	<u>362,858</u>
	<u>(174,273)</u>	<u>619,824</u>
Cash flows from investing activities		
Purchases of property and equipment	(33,506)	(153,548)
Proceeds on sale of property and equipment	<u>-</u>	<u>151</u>
	<u>(33,506)</u>	<u>(153,397)</u>
Cash flows from financing activities		
Contributions received for purchases of property and equipment	<u>-</u>	<u>26,946</u>
Increase (decrease) in cash	(207,779)	493,373
Cash, beginning of year	<u>1,126,287</u>	<u>632,914</u>
Cash, end of year	\$ <u>918,508</u>	\$ <u>1,126,287</u>

# RESOURCE ASSISTANCE FOR YOUTH, INC.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 1. Purpose of the Organization

Resource Assistance for Youth, Inc. (the "Organization") is incorporated under The Corporations Act of Manitoba as a not-for-profit organization and is a registered charitable organization under the Income Tax Act.

The Organization's mandate is to provide support, education and resources to empower youth to make informed choices that will improve their quality of life.

#### 2. Summary of significant accounting policies

The Organization's financial statements were 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. Restricted contributions related to property and equipment are recognized as revenue as the related property and equipment is amortized. Unrestricted contributions are recognized as revenue when received or receivable if collection is reasonably assured.

##### b) Property and equipment

Property and equipment purchases are initially recorded at cost. Contributed property and equipment are initially recorded at fair market value at the date of contribution. Amortization of property and equipment has been provided for using the following rates and methods which will amortize the cost of the assets over their estimated useful lives:

Building	4% declining balance
Leasehold improvements	3 year straight line
Furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Vehicles	30% declining balance

# RESOURCE ASSISTANCE FOR YOUTH, INC.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 2. Significant accounting policies, continued

##### c) Inventory

Purchased inventory is recorded using the first in, first out method at the lower of cost and net realizable value. The value of donated inventory has not been recognized in the financial statements.

##### d) Contributed services

Volunteers contribute numerous hours per year to assist the Organization in carrying out its purpose. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

##### e) 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

##### f) Financial instruments

##### *Measurement of financial instruments*

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include grants receivable and tax refunds receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### *Impairment*

Financial assets are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

**RESOURCE ASSISTANCE FOR YOUTH, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**3. Cash**

	<u>2021</u>	<u>2020</u>
Operating accounts	\$ 699,836	\$ 916,964
Savings account, bearing interest at 0.8%	193,980	192,435
Credit Union shares	4	4
Petty cash	<u>24,688</u>	<u>16,884</u>
	<u>\$ 918,508</u>	<u>\$ 1,126,287</u>

The Organization has an authorized line of credit with a limit of \$225,000. The line of credit is secured by a general security agreement and a mortgage on the land and building. The line of credit bears interest at The Assiniboine Credit Union Limited Prime Lending Rate (which was 2.45% at December 31, 2021) plus 2%. Interest is calculated daily on the actual amount used and is collected at the end of each month. The amount of the line of credit that was used as at December 31, 2021 was \$0 (2020 - \$0).

**4. Property and equipment**

	<u>2021</u>		<u>2020</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 127,000	\$ -	\$ 127,000	\$ -
Building	1,407,908	554,571	1,407,908	519,015
Leasehold improvements	52,561	44,466	42,002	42,002
Furniture and equipment	207,751	156,687	203,266	144,444
Computer equipment	206,562	131,850	188,101	103,787
Vehicles	<u>185,082</u>	<u>132,061</u>	<u>185,082</u>	<u>109,337</u>
	<u>\$ 2,186,864</u>	<u>\$ 1,019,635</u>	<u>\$ 2,153,359</u>	<u>\$ 918,585</u>
Cost less accumulated amortization		<u>\$ 1,167,229</u>		<u>\$ 1,234,774</u>

**RESOURCE ASSISTANCE FOR YOUTH, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**5. Accounts payable and accrued liabilities**

	<u>2021</u>	<u>2020</u>
Vendors and credit cards	\$ 113,568	\$ 103,608
Government remittances	609	29,332
Accrued vacation pay liability	70,160	66,164
Unspent program funding to be repaid	-	94,870
Other accrued liabilities	<u>25,000</u>	<u>27,000</u>
	<u>\$ 209,337</u>	<u>\$ 320,974</u>

**6. Deferred contributions**

Deferred contributions represent restricted operating funding received in the current period that is related to the subsequent period.

**7. Deferred contributions related to property and equipment**

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 934,471	\$ 977,277
Add: Contributions received during the year	-	26,946
Less: Amounts amortized to revenue	<u>(56,484)</u>	<u>(69,752)</u>
Balance, end of year	<u>\$ 877,987</u>	<u>\$ 934,471</u>

**8. Lease commitments**

The Organization leases office space and equipment. The minimum lease payments for the next three years are as follows:

2022	\$ 126,327
2023	102,475
2024	30,801

**RESOURCE ASSISTANCE FOR YOUTH, INC.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2021****9. Financial instruments*****Risks and concentrations***

The Organization is exposed to various risks through its financial instruments. The following analysis provides for a measure of the entity's risk exposure and concentrations at the balance sheet date, December 31, 2021.

***Liquidity risk***

Liquidity risk is the risk that a Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is funded by donations and manages liquidity risk by maintaining a reserve balance of cash sufficient to meet its current obligations, mitigating liquidity risk.

***Credit risk***

Credit risk is the risk that a third party to a financial instrument fails to meet its obligations under terms of the financial instrument. The Organization's financial assets consist primarily of cash and grants receivable. The Organization's cash is held with a large, provincially and federally regulated financial institution in Canada and the Organization's grants receivable are secured by funding agreements, mitigating credit risk.

***Interest rate risk, foreign currency exchange risk and market risk***

Interest rate risk is the risk that a change in interest rates will affect the Organization's ability to meet its obligations. Foreign currency exchange risk is the risk that changes in foreign exchange rates will affect the Organization's ability to meet its obligations. Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as market prices change affecting the Organization's ability to meet its obligations. The Organization does not have any interest bearing debt, marketable securities, nor any transactions in foreign currencies; therefore, the Organization is not affected by these risks.

**RESOURCE ASSISTANCE FOR YOUTH, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**10. COVID-19 pandemic**

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations through the restrictions put in place by Canadian, provincial, and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact of COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.