

RESOURCE ASSISTANCE FOR YOUTH, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 2022, 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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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
April 24, 2023


Chartered Professional Accountants

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RESOURCE ASSISTANCE FOR YOUTH, INC.

STATEMENT OF FINANCIAL POSITION

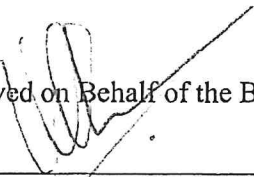
DECEMBER 31, 2022

	<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets			
Cash (note 3)	\$	892,917	\$ 918,508
Grants receivable		1,185,262	604,167
Tax refunds receivable		68,522	46,229
Prepaid expenses		<u>43,609</u>	<u>31,357</u>
		2,190,310	1,600,261
Property and equipment (note 4)		<u>1,145,060</u>	<u>1,167,229</u>
	\$	<u>3,335,370</u>	<u>\$ 2,767,490</u>

Liabilities and Net Assets

Current liabilities			
Accounts payable and accrued liabilities (note 5)	\$	193,682	\$ 209,337
Deferred contributions (note 6)		<u>1,603,260</u>	<u>1,062,316</u>
		1,796,942	1,271,653
Deferred contributions related to property and equipment (note 7)		<u>829,008</u>	<u>877,987</u>
		<u>2,625,950</u>	<u>2,149,640</u>
Net assets			
Invested in property and equipment		316,052	289,242
Unrestricted		<u>393,368</u>	<u>328,608</u>
		<u>709,420</u>	<u>617,850</u>
	\$	<u>3,335,370</u>	<u>\$ 2,767,490</u>

Approved on Behalf of the Board



Director



Director

RESOURCE ASSISTANCE FOR YOUTH, INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Revenue		
Government of Canada	\$ 2,233,950	\$ 1,879,509
Province of Manitoba	1,267,349	1,126,270
City of Winnipeg	130,794	88,174
Charities and foundations	705,179	662,315
Donations and fundraising	155,186	87,944
Amortization of deferred contributions	48,979	56,484
Social enterprise revenue	16,129	18,305
Interest	4,184	3,430
Other income	<u>48,481</u>	<u>54,953</u>
	<u>4,610,231</u>	<u>3,977,384</u>
Expenses		
Advertising	10,385	3,894
Amortization of property and equipment	112,879	101,051
Automotive	83,690	61,483
Fundraising	858	679
Insurance	30,604	26,860
Interest and bank charges	10,765	8,933
Maintenance and property services	103,061	139,180
Meetings and conferences	27,164	8,566
Office	79,600	111,381
Professional and consulting fees	97,653	142,029
Program expenses	1,186,236	820,560
Property taxes	8,250	11,315
Public awareness	8,739	4,119
Rent	78,312	71,694
Telephone and internet	42,412	35,610
Travel	2,740	382
Utilities	20,252	21,435
Wages and benefits	<u>2,615,061</u>	<u>2,218,881</u>
	<u>4,518,661</u>	<u>3,788,052</u>
Excess of revenue over expenses for the year	\$ <u>91,570</u>	\$ <u>189,332</u>

RESOURCE ASSISTANCE FOR YOUTH, INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Invested in Property and <u>Equipment</u>	<u>Unrestricted</u>	2022 <u>Total</u>	2021 <u>Total</u>
Net assets, beginning of year	\$ 289,242	\$ 328,608	\$ 617,850	\$ 428,518
Excess (deficiency) of revenue over expenses for the year	(63,900)	155,470	91,570	189,332
Investment in property and equipment	<u>90,710</u>	<u>(90,710)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>316,052</u>	\$ <u>393,368</u>	\$ <u>709,420</u>	\$ <u>617,850</u>

RESOURCE ASSISTANCE FOR YOUTH, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 91,570	\$ 189,332
Items not involving a current outlay of cash		
Amortization of property and equipment	112,879	101,051
Amortization of deferred contributions	(48,979)	(56,484)
Gain on disposal of property and equipment	<u>(10,642)</u>	<u>-</u>
	144,828	233,899
Net change in non-cash working capital balances		
Grants receivable	(581,095)	(536,451)
Tax refunds receivable	(22,293)	(26,090)
Inventory	-	868
Prepaid expenses	(12,252)	(2,619)
Accounts payable and accrued liabilities	(15,654)	(111,638)
Deferred contributions	<u>540,944</u>	<u>267,758</u>
	<u>54,478</u>	<u>(174,273)</u>
Cash flows from investing activities		
Purchases of property and equipment	(91,595)	(33,506)
Proceeds on sale of property and equipment	<u>11,526</u>	<u>-</u>
	<u>(80,069)</u>	<u>(33,506)</u>
Decrease in cash	(25,591)	(207,779)
Cash, beginning of year	<u>918,508</u>	<u>1,126,287</u>
Cash, end of year	<u>\$ 892,917</u>	<u>\$ 918,508</u>

RESOURCE ASSISTANCE FOR YOUTH, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022

2. Significant accounting policies, continued

c) 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.

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 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.

e) 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, 2022

3. Cash

	<u>2022</u>	<u>2021</u>
Operating accounts	\$ 675,766	\$ 699,836
Savings account, bearing interest at 3%	197,459	193,980
Credit Union shares	4	4
Petty cash	<u>19,688</u>	<u>24,688</u>
	<u>\$ 892,917</u>	<u>\$ 918,508</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 6.45% at December 31, 2022) 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, 2022 was \$0 (2021 - \$0).

4. Property and equipment

	<u>2022</u>		<u>2021</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 127,000	\$ -	\$ 127,000	\$ -
Building	1,407,908	588,705	1,407,908	554,571
Leasehold improvements	52,561	47,985	52,561	44,466
Furniture and equipment	212,948	167,939	207,751	156,687
Computer equipment	206,562	154,264	206,562	131,850
Vehicles	<u>252,317</u>	<u>155,343</u>	<u>185,082</u>	<u>132,061</u>
	<u>\$ 2,259,296</u>	<u>\$ 1,114,236</u>	<u>\$ 2,186,864</u>	<u>\$ 1,019,635</u>
Cost less accumulated amortization		<u>\$ 1,145,060</u>		<u>\$ 1,167,229</u>

RESOURCE ASSISTANCE FOR YOUTH, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5. Accounts payable and accrued liabilities

	<u>2022</u>	<u>2021</u>
Vendors and credit cards	\$ 88,891	\$ 113,568
Government remittances	-	609
Accrued vacation pay liability	79,791	70,160
Other accrued liabilities	<u>25,000</u>	<u>25,000</u>
	<u>\$ 193,682</u>	<u>\$ 209,337</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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 877,987	\$ 934,471
Less: Amounts amortized to revenue	<u>(48,979)</u>	<u>(56,484)</u>
Balance, end of year	<u>\$ 829,008</u>	<u>\$ 877,987</u>

8. Lease commitments

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

2023	\$ 126,986
2024	54,635
2025	15,134
2026	4,284
2027	1,071

RESOURCE ASSISTANCE FOR YOUTH, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022.

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.