

TEAM RUBICON CANADA
FINANCIAL STATEMENTS
DECEMBER 31, 2020



Independent Auditor's Report

To the Directors of
Team Rubicon Canada

Opinions

I have audited the accompanying financial statements of Team Rubicon Canada, (the "Organization") which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Qualified Opinion on the Financial Position

In my opinion, except for the possible effects of the matter described in the *Basis for Opinions, Including Basis for Qualified Opinion on the Financial Position* section of my report, the accompanying statement of financial position presents fairly, in all material respects, the financial position of the Organization as at December 31, 2020 in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Unmodified Opinion on the Results of Operations and Cash Flows

In my opinion, the accompanying statements of operations and cash flows present fairly, in all material respects, the results of the Organization's operations and its cash flows for the year ended December 31, 2020 in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Opinions, Including Basis for Qualified Opinion on the Financial Position

My audit opinion on the financial statements for the year ended December 31, 2019 was modified because of the possible effects of the limitation in scope with respect to completeness of revenue from donations. Accordingly, I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditures, cash flows from operations for the years ended December 31, 2019, current assets as at December 31, 2019 and 2020 and net assets as at December 31, 2019 and 2020. As a result, my opinion on the current year's financial position is modified because of the possible effects of this matter on the current year's figures and the comparative information.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion on the financial position and my unmodified opinion on the results of operations and cash flows.

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.

AUTHORIZED TO PRACTICE PUBLIC ACCOUNTING BY CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

315 Renfrew Drive, Suite 201, Markham ON L3R 9S7

Voice: (647) 383-6925 Fax: (905) 946-7632 Email: peter@peterkcllee.ca



Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Peter K.C. Lee Professional Corporation
Chartered Professional Accountant

Markham, Ontario
June 29, 2021

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Voice: (647) 383-6925 Fax: (905) 946-7632 Email: peter@peterklee.ca

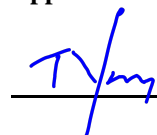
Team Rubicon Canada

Statement of Financial Position

As at December 31, 2020

	2020	2019
Assets		
Current		
Cash	\$ 305,323	\$ 159,067
Term deposit (note 3)	51,425	50,652
Accounts receivable (no allowance)	129,401	-
Prepaid expenses	23,523	11,938
Total current	509,672	221,657
Capital assets (note 4)	17,179	4,102
Total assets	\$ 526,851	\$ 225,759
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 27,836	\$ 29,795
Deferred contributions (note 5)	53,149	44,987
Total current	80,985	74,782
Deferred revenue - capital assets (Note 6)	3,269	-
Total liabilities	84,254	74,782
Net assets		
Unrestricted	442,597	150,977
Total liabilities and net assets	\$ 526,851	\$ 225,759

Approved on behalf of the Board



Director

See accompanying notes

Team Rubicon Canada

Statement of Changes in Net Assets

For the year ended December 31, 2020

	2020	2019
Unrestricted balance, beginning of year	\$ 150,977	\$ 121,684
Excess of revenue over expenditures	291,620	29,293
Unrestricted balance, end of year	\$ 442,597	\$ 150,977

See accompanying notes

Team Rubicon Canada

Statement of Operations

For the year ended December 31, 2020

	2020	2019
Revenue		
Donations and contributions (Note 6)	\$ 778,242	\$ 525,680
Government subsidies (Note 7)	90,252	-
Interest income	1,935	1,018
Total revenue	870,429	526,698
Expenditures		
Programs (Note 8)	404,558	380,054
Fundraising (Note 8)	93,293	59,997
Administration (Note 8)	80,958	57,354
Total expenditures	578,809	497,405
Excess of revenue over expenditures	\$ 291,620	\$ 29,293

See accompanying notes

Team Rubicon Canada

Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
Operating activities		
Excess of revenue over expenditures	\$ 291,620	\$ 29,293
Adjustments for		
Amortization	3,261	1,758
Recognition of deferred revenue - capital asset (Note 6)	(817)	-
	294,064	31,051
Change in non-cash working capital items		
Accounts receivable	(129,401)	-
Prepaid expenses	(11,585)	(2,949)
Accounts payable and accrued liabilities	(1,959)	23,795
Deferred contributions	8,162	5,847
	159,281	57,744
Investing activities		
Term deposit	(773)	(50,652)
Purchase of capital assets	(12,252)	-
	(13,025)	(50,652)
Increase in cash	146,256	7,092
Cash, beginning of year	159,067	151,975
Cash, end of year	\$ 305,323	\$ 159,067

See accompanying notes

Team Rubicon Canada

Notes to the Financial Statements

December 31, 2020

Nature of operations

Team Rubicon Canada (the "Organization") was incorporated in 2016 under the Canada Not-for-profit Corporations Act of Government of Canada. The Organization is an umbrella organization of Team Rubicon, Inc. and shares the same mission and values as Team Rubicon, Inc. The Organization's principal business activities are disaster response and veteran support services.

The Organization is a charitable organization registered under the Income Tax Act and therefore is not subject to either federal or provincial income taxes.

1. Significant accounting policies

The Organization applies the Canadian accounting standards for not-for-profit organizations.

(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 expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Government wages and rent subsidies are accounted for in the statement of operations in the year the related wages and rent are incurred, provided there is reasonable assurance that the Organization has complied and will continue to comply with all the conditions of the government assistance.

Interest income is recognized as earned.

(b) Capital assets

Capital assets are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rates are as follows:

Trailers	30%
Office equipment	20%
Construction equipment	20%

(c) Impairment of long-lived assets

The Organization reviews long-lived assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment of the carrying value of the assets exist, and the carrying value is greater than the net recoverable value, an impairment loss is recognized to the extent that the fair value is below the carrying value. As at December 31, 2020, there were no significant indications of impairment.

(d) Donated material and services

Donated materials and services are recorded at their fair value at the date of contribution when the fair value can be reasonably estimated and when such value is significant. Volunteers contribute extensive time and effort to assist the Organization in carrying out its activities. Because of the difficulty in determining the fair value, contributed services from volunteers are not recognized in the financial statements.

Team Rubicon Canada

Notes to the Financial Statements

December 31, 2020

1. Significant accounting policies, continued

(e) Allocation of expenses

The cost of each program undertaken by the Organization includes personnel and other expenses that are directly related to providing the programs. Operating costs are allocated to programs, fundraising and administration based on specific activities and the level of benefit received by each function as follows:

- travel and vehicle expense, training costs, amortization, donations to affiliate are all attributed to program activities;
- bank charges are all attributed to administration activities;
- advertising and promotion, field supplies, insurance, office and general and professional services are allocated to each of program, fundraising and administration activities based on the specific nature of each amount incurred;
- occupancy and wages benefits costs are allocated based on the proportion of efforts or services required for each of program, fundraising and administration activities;

(f) Management estimates

The preparation of the 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets and accruals of expenses. However, future events and their effects cannot be determined with certainty and actual results could differ from these estimates.

(g) Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate. The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost or amortized cost consist of cash, term deposit and accounts receivable. Financial liabilities measured at cost or amortized cost consist of accounts payable and accrued liabilities.

Impairment of financial instruments

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. 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 the statement of operations.

2. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant credit, liquidity and interest rate risk arising from these financial instruments except as otherwise disclosed.

Team Rubicon Canada

Notes to the Financial Statements

December 31, 2020

2. Financial instruments, continued

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk through its cash, term deposit balances and accounts receivable. In order to reduce its credit risk from accounts receivable, the Organization regularly reviews the quality of the receivables to determine collectibility. The Organization also reduces credit risk by maintaining its funds with credit worthy financial institutions.

(b) Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$27,836 (2019 - \$29,795). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintaining adequate cash reserves to repay its obligations.

(c) Interest rate risk

Interest rate risk is the risk that fair value of a financial instrument or future cash flows will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk primarily through its fixed interest rate on its term deposit.

3. Term deposit

Term deposit consists of a cashable guaranteed investment certificate, which bears interest at 1.25% per annum and it matures on May 7, 2021.

4. Capital assets

	2020			2019	
	Cost	Accumulated amortization	Net	Net	
Trailers	\$ 14,830	\$ 5,213	\$ 9,617	\$ 4,102	
Office equipment	4,366	436	3,930	-	
Construction equipment	4,036	404	3,632	-	
	\$ 23,232	\$ 6,053	\$ 17,179	\$ 4,102	

Amortization of \$3,261 (2019 - \$1,758) was included in programs expenditures.

Team Rubicon Canada

Notes to the Financial Statements

December 31, 2020

5. Deferred contributions

	2020	2019
Balance, at beginning of year	\$ 44,987	\$ 39,140
Contributions received	715,348	364,681
Amounts recognized as revenue	(707,186)	(358,834)
	<u>\$ 53,149</u>	<u>\$ 44,987</u>

6. Donated materials and services

Included in donations and contributions revenue are donations-in-kind, which amount to \$4,677.

Storage fee in the amount of \$2,960 and field supplies in the amount of \$900, calculated based on fair market values, are presented as expenses. An equivalent amount for contribution is presented as revenue for the year.

Office equipment in the amount of \$4,086, calculated based on fair market values, is included with capital assets on the statement of financial position. The equivalent amount for contribution is amortized to revenue based on the estimated useful lives (Note 1b). The amount amortized to revenue for the year-ended December 31, 2020 is \$817.

7. Government subsidies

During the year ended December 31, 2020, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") programs for Canadian employers whose businesses were affected by the COVID-19 pandemic. The Organization's applications are subject to meeting certain criteria established by the Federal government. The amounts claimed under these programs may be subject to validation and detailed verification by the Federal government.

The CEWS provides subsidies to offset payroll cost. The Organization applied for the CEWS to the extent it met the requirements to receive the subsidy, and recorded a total of \$88,076 as revenue in the statement of operations.

The CERS provides subsidies to offset rental cost. The Organization applied for the CERS to the extent it met the requirements to receive the subsidy, and recorded a total of \$2,176 as revenue in the statement of operations.

Team Rubicon Canada

Notes to the Financial Statements

December 31, 2020

8. Allocation of expenses

As described in Note 1, various costs have been allocated as follows:

	Programs	Fundraising	Administration	2020 Total
Advertising and promotion	\$ 6,921	\$ 3,704	\$ -	\$ 10,625
Amortization	3,261	-	-	3,261
Bank charges and interest	-	-	1,783	1,783
Donation to affiliate	12,933	-	-	12,933
Field supplies	13,385	-	3,280	16,665
Insurance	36,118	-	1,009	37,127
Occupancy	13,270	4,922	2,949	21,141
Office and general	12,225	3,469	2,676	18,370
Professional services	25,646	-	20,596	46,242
Training	7,631	-	-	7,631
Travel and vehicle	54,238	-	-	54,238
Wages and benefits	218,930	81,198	48,665	348,793
	\$ 404,558	\$ 93,293	\$ 80,958	\$ 578,809

	Programs	Fundraising	Administration	2019 Total
Advertising and promotion	\$ 2,894	\$ 214	\$ -	\$ 3,108
Amortization	1,758	-	-	1,758
Bank charges and interest	-	-	2,917	2,917
Field supplies	19,691	-	-	19,691
Insurance	16,416	-	1,625	18,041
Occupancy	1,763	542	407	2,712
Office and general	10,865	3,343	2,507	16,715
Professional fees	-	-	19,408	19,408
Training	10,547	-	-	10,547
Travel and vehicle	148,426	-	-	148,426
Wages and benefits	167,694	55,898	30,490	254,082
	\$ 380,054	\$ 59,997	\$ 57,354	\$ 497,405

9. Related party transactions

During the year, contributions aggregating \$263,226 (2019 - \$156,525) were received from Team Rubicon, Inc., an affiliated organization, to support the ongoing business costs of the Organization.

Included in accounts payable is \$12,933 related to the Organization's contribution commitment to Team Rubicon, Inc.

These transactions are in the normal course of business and are measured at their exchange amounts, which is the amount of consideration established and agreed to by both parties.

Team Rubicon Canada

Notes to the Financial Statements

December 31, 2020

10. COVID-19

In March 2020, the World Health Organization declared a pandemic due to the COVID-19 outbreak worldwide. The Organization has been impacted by the emergency measures adopted to combat the spread of COVID-19 and the resulting adverse economic conditions. In order to fund on-going operations, management put in extra efforts during the year to secure as many funding and donations as possible as it was unknown if the appetite for individuals and other organizations to fund the Organization would decrease during the pandemic. In addition, the Organization has successfully applied for government assistance utilizing the CEWS and CERS (Note 7). It is unknown how long this pandemic will continue. The longer it continues the more negative economic impact it will have on the Organization. The extent of this financial impact cannot be determined at this time. The Organization is still assessing the impact on its operations, results of operations, financial position and cash flows, which will be accounted for when the reliable estimates will become available.

11. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.