

TEAM RUBICON CANADA
FINANCIAL STATEMENTS
DECEMBER 31, 2022



Independent Auditor's Report

To the directors of
Team Rubicon Canada

Opinion

I have audited the accompanying financial statements of Team Rubicon Canada, (the "Organization") which comprise the statement of financial position as at December 31, 2022, 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.

In my 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 ("ASNPO").

Basis for Opinion

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 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

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:

AUTHORIZED TO PRACTICE PUBLIC ACCOUNTING BY CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

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Independent Auditor's Report, continued

- ◆ 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 27, 2023

Team Rubicon Canada

Statement of Financial Position

As at December 31, 2022

	2022	2021
Assets		
Current		
Cash	\$ 937,879	\$ 726,384
Term deposit (note 3)	101,772	151,772
Accounts receivable (no allowance)	240,804	24,059
Prepaid expenses	1,426	1,243
Total current	1,281,881	903,458
Capital assets (note 4)	9,968	13,187
Total assets	\$ 1,291,849	\$ 916,645
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 117,962	\$ 77,792
Deferred contributions (note 5)	155,537	81,857
Total current	273,499	159,649
Deferred revenue - capital assets (Note 6)	-	2,534
Total liabilities	273,499	162,183
Net assets		
Unrestricted	1,018,350	754,462
Total liabilities and net assets	\$ 1,291,849	\$ 916,645

Approved on behalf of the Board

Director

Director

See accompanying notes

Team Rubicon Canada

Statement of Changes in Net Assets

For the year ended December 31, 2022

	2022	2021
Unrestricted balance, beginning of year	\$ 754,462	\$ 442,597
Excess of revenue over expenditures	263,888	311,865
Unrestricted balance, end of year	<u>\$ 1,018,350</u>	<u>\$ 754,462</u>

See accompanying notes

Team Rubicon Canada

Statement of Operations

For the year ended December 31, 2022

	2022	2021
Revenue		
Donations and contributions (Note 6)	\$ 2,531,370	\$ 1,601,274
Interest income	3,829	1,790
Government subsidies (Note 7)	-	101,865
Total revenue	2,535,199	1,704,929
Expenditures		
Programs (Note 8)	1,738,778	1,137,341
Administration (Note 8)	306,543	114,800
Fundraising (Note 8)	225,990	140,923
Total expenditures	2,271,311	1,393,064
Excess of revenue over expenditures	\$ 263,888	\$ 311,865

See accompanying notes

Team Rubicon Canada

Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
Operating activities		
Excess of revenue over expenditures	\$ 263,888	\$ 311,865
Adjustments for		
Amortization	3,500	4,442
Recognition of deferred revenue - capital asset (Note 6)	-	(736)
Loss on sale of disposal of asset	2,516	-
	269,904	315,571
Change in non-cash working capital items		
Accounts receivable	(216,745)	105,342
Prepaid expenses	(183)	22,280
Accounts payable and accrued liabilities	40,170	49,957
Deferred contributions	73,680	28,708
	166,826	521,858
Investing activities		
Term deposit	50,000	(100,347)
Purchase of capital assets	(2,797)	(450)
	47,203	(100,797)
Financing activity		
Deferred revenue - capital assets (note 6)	(2,534)	-
Increase in cash	211,495	421,061
Cash, beginning of year	726,384	305,323
Cash, end of year	\$ 937,879	\$ 726,384

See accompanying notes

Team Rubicon Canada

Notes to the Financial Statements

December 31, 2022

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 accounted for at cost and amortized over their estimated useful life using the declining balance method at the following rates.

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, 2021, 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, 2022

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, settlement fees are all attributed to program activities;
- moving allowance expense is attributed to administration activities;
- bank charges are mainly attributed to administration and fundraising 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, collectibility of accounts receivable 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.

Team Rubicon Canada

Notes to the Financial Statements

December 31, 2022

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.

(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 \$117,962 (2021 - \$77,792). 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 cashable guaranteed investment certificates in the principal amount of \$100,000, which bears an interest rate of 0.550% per annum and matures on Jan 7, 2023. Subsequent to the maturity date, this GIC was renewed at an interest rate of 1.75% per annum and it matures on January 7, 2024..

Team Rubicon Canada

Notes to the Financial Statements

December 31, 2022

4. Capital assets

	2022			2021	
	Cost	Accumulated amortization	Net	Net	
Trailers	\$ 14,830	\$ 10,118	\$ 4,712	\$ 6,732	
Office equipment	870	87	783	3,144	
Construction equipment	6,413	1,940	4,473	3,311	
	\$ 22,113	\$ 12,145	\$ 9,968	\$ 13,187	

Amortization of \$3,500 (2021 - \$4,442) was included in programs expenditures.

5. Deferred contributions

	2022		2021	
Balance, at beginning of year	\$ 81,857	\$ 53,149		
Contributions received	2,236,810	1,290,053		
Amounts recognized as revenue	(2,163,130)	(1,261,345)		
	\$ 155,537	\$ 81,857		

6. Donated materials and services

Included in donations and contributions revenue are donations-in-kind, which amount to \$185,954 (2021 - \$122,328).

Airfare, which is part of travelling expense, in the amount of \$154,563 and storage cost in the amount of \$24,596, calculated based on fair market values, are recorded as expenses. The remainder of \$6,794 includes various other contributions and reversal of prior year deferred revenue related to donated assets.

An equivalent amount for contribution received during the year is presented as revenue for each applicable year.

7. Government subsidies

During the year ended December 31, 2022, the Organization did not receive any government subsidies related to the COVID-19 pandemic as the subsidy programs have ended. In the prior year, subsidies received were part of the Government of Canada's emergency wage and rent subsidy programs.

Team Rubicon Canada

Notes to the Financial Statements

December 31, 2022

8. Allocation of expenses

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

	Programs	Fundraising	Administration	2022 Total
Advertising and promotion	\$ 35,079	\$ 52	\$ -	\$ 35,131
Amortization	2,784	-	715	3,499
Bank charges and interest	100	1,795	4,088	5,983
Moving allowance	-	-	39,657	39,657
Field supplies	102,981	3,225	17,573	123,779
Insurance	71,693	-	-	71,693
Occupancy	27,942	9,081	5,728	42,751
Office and general	64,174	473	3,796	68,443
Professional services	144,126	1,839	87,999	233,964
Training	2,500	-	-	2,500
Travel and vehicle	659,935	12,120	11,841	683,896
Wages and benefits	627,464	197,405	135,146	960,015
	\$ 1,738,778	\$ 225,990	\$ 306,543	\$ 2,271,311

	Programs	Fundraising	Administration	2021 Total
Advertising and promotion	\$ 12,031	\$ -	\$ -	\$ 12,031
Amortization	4,442	-	-	4,442
Bank charges and interest	-	-	3,372	3,372
Settlement fees	26,000	-	-	26,000
Field supplies	123,409	4,067	9,264	136,740
Insurance	60,162	-	-	60,162
Occupancy	13,597	4,674	2,974	21,245
Office and general	22,896	-	5	22,901
Professional fees	74,468	-	11,344	85,812
Training	2,160	1,315	-	3,475
Travel and vehicle	408,750	4,681	-	413,431
Wages and benefits	389,426	126,186	87,841	603,453
	\$ 1,137,341	\$ 140,923	\$ 114,800	\$ 1,393,064

9. Related party transactions

During the year, contributions aggregating \$561,484 (2021 - \$613,413) were received from Team Rubicon, Inc., an affiliated organization, to support the ongoing business costs of the Organization.

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.

10. Comparative figures

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