Financial Statements of

RISING TIDE COMMUNITY INITIATIVES COMMUNAUTAIRE MARÉE MONTANTE INC.

And Independent Auditor's Report thereon

Years ended March 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Rising Tide Community Initiatives Communautaire Marée Montante Inc.

Opinion

We have audited the financial statements of Rising Tide Community Initiatives Communautaire Marée Montante Inc. (the Organization), which comprise:

- the statements of financial position as at March 31, 2023 and 2022
- the statements of operations for the years then ended
- the statements of changes in net assets for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023 and 2022 and its results of operations, its changes in net assets and its cash flows for the years 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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 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 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 the financial statements.

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 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Moncton, Canada

October 19, 2023

RISING TIDE COMMUNITY INITIATIVES
COMMUNAUTAIRE MARÉE MONTANTE INC.

Statements of Financial Position

March 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 1,062,464	$ 1,886,174
Accounts receivable	23,468	-
HST recoverable	471,351	236,097
Prepaid expenses	64,426	25,484
	1,621,709	2,147,755
Capital assets (note 2)	10,138,899	5,964,009
	$ 11,760,608	$ 8,111,764
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 235,324	$ 55,996
Deferred revenue	21,623	-
Deferred contributions (note 3)	71,237	118,538
	328,184	174,534
Deferred capital contributions (note 4)	10,359,442	7,341,651
Net assets:		
Investment in capital assets (note 5)	(220,543)	(1,377,642)
Unrestricted	1,293,525	1,973,221
	1,072,982	595,579
Commitments and contingencies (note 6)		
Liquidity risk (note 7(b))		
Subsequent events (note 8)		
	$ 11,760,608	$ 8,111,764

See accompanying notes to financial statements.

On behalf of the Board:

RISING TIDE COMMUNITY INITIATIVES
COMMUNAUTAIRE MARÉE MONTANTE INC.

Statements of Operations

Years ended March 31, 2023 and 2022

		2023		2022
Revenue:				
Amortization of deferred capital contributions	$	312,643	$	138,686
Government grants		310,801		101,481
Rental income		262,426		24,845
Rental subsidies		130,807		-
Donations		11,700		-
		1,028,377		265,012
Expenses:				
Administration expenses (schedule 1)		314,794		108,782
Amortization of capital assets		312,643		138,686
Case management		154,740		101,481
Property management and maintenance		104,799		141
Utilities		86,371		25,027
Property taxes		65,407		8,495
Security		37,206		318
Insurance		31,078		13,721
Miscellaneous		7,645		251
Land lease		6,799		534
		1,121,482		397,436
Deficiency of revenues over expenses	$	(93,105)	$	(132,424)

See accompanying notes to financial statements.

RISING TIDE COMMUNITY INITIATIVES
COMMUNAUTAIRE MARÉE MONTANTE INC.

Statements of Changes in Net Assets

Years ended March 31, 2023 and 2022

	Investment in capital assets (note 5)	Unrestricted	2023	2022
Balance, beginning of year	$ (1,377,642)	$ 1,973,221	$ 595,579	$ (1,287)
Deficiency of revenues over expenses	-	(93,105)	(93,105)	(132,424)
Purchase of capital assets	4,487,533	(4,487,533)	-	-
Contribution for the purchase of land (note 4)	570,508	-	570,508	729,290
Deferred contributions for capital asset acquisitions	(3,900,942)	3,900,942	-	-
Balance, end of year	$ (220,543)	$ 1,293,525	$ 1,072,982	$ 595,579

See accompanying notes to financial statements.

RISING TIDE COMMUNITY INITIATIVES
COMMUNAUTAIRE MARÉE MONTANTE INC.

Statements of Cash Flows

Years ended March 31, 2023 and 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Deficiency of revenues over expenses	$ (93,105)	$ (132,424)
Items not involving cash:		
Amortization of deferred capital contributions	(312,643)	(138,686)
Amortization of capital assets	312,643	138,686
Changes in non-cash operating working capital:		
Accounts receivable	(23,468)	-
HST recoverable	(235,254)	(235,221)
Prepaid expenses	(38,942)	(25,484)
Accounts payable and accrued liabilities	179,328	55,996
Deferred revenue	21,623	-
Deferred contributions	(47,301)	98,519
	(237,119)	(238,614)
Financing activity:		
Deferred capital contributions	3,900,942	2,781,151
Investing activity:		
Purchase of capital assets	(4,487,533)	(6,102,695)
Decrease in cash	(823,710)	(3,560,158)
Cash, beginning of year	1,886,174	5,446,332
Cash, end of year	$ 1,062,464	$ 1,886,174

See accompanying notes to financial statements.

Rising Tide Community Initiatives Communautaire Marée Montante Inc. (the "Organization") is incorporated under the laws of New Brunswick and its principal business activity is to relieve poverty in the Greater Moncton Area by providing safe, comfortable, relevant, affordable residential housing, including support services, to individuals or families with low income. The Organization is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Organization was incorporated on November 4, 2019 and began operations in March 2021. These are the first financial statements prepared in accordance with Not-for-Profit Standards since inception.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations in Part III of the CPA Canada Handbook. The Organization's significant accounting policies are as follows:

(a) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.

(b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on the straight-line basis using the following annual rates:

Asset	Rate
Buildings	4%
Equipment	20%
Furniture and fixtures	20%

1. **Significant accounting policies (continued):**

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include government grants and donations.

Rental income and rental subsidies which are received from the Department of Social Development are recognized over the terms of the related agreements as the services are rendered. Under an arrangement with the Department of Social Development, market rents are established annually, whereby tenants’ rents are subsidized based on income tested occupants. Where a portion relates to a future period, it is recorded as deferred revenue in the statement of financial position and recognized in the subsequent period.

1. Significant accounting policies (continued):

(d) Revenue recognition (continued):

Government grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Grants received where the related expenditures have not been incurred are recorded as deferred contributions in the statement of financial position and recognized when the related expenditures have been incurred.

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.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions to fund the purchase of capital assets that will be amortized are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets.

(e) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and deferred capital contributions. Actual results could differ from those estimates.

2. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 1,299,798	$ -	$ 1,299,798	$ 729,290
Buildings	7,077,652	396,469	6,681,183	2,834,068
Equipment	16,896	4,552	12,344	5,866
Furniture and fixtures	175,003	50,307	124,696	76,533
Assets under construction	2,020,878	-	2,020,878	2,318,252
	$ 10,590,227	$ 451,328	$ 10,138,899	$ 5,964,009

3. Deferred contributions:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations.

	2023	2022
Balance, beginning of year	$ 118,538	$ 20,019
Less amounts recognized as revenue in the year	(310,801)	(101,481)
Add amounts received	263,500	200,000
Balance, end of year	$ 71,237	$ 118,538

4. Deferred capital contributions:

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of contributions received from the City of Moncton (City), Province of New Brunswick (Province) and the Federal Government of Canada for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2023	2022
Balance, beginning of year	$ 7,341,651	$ 5,428,476
Contributions received	3,900,942	2,781,151
	11,242,593	8,209,627
Less amounts recorded as direct increases in net assets	(570,508)	(729,290)
Less amounts amortized to revenue	(312,643)	(138,686)
Balance, end of year	$ 10,359,442	$ 7,341,651

The balance of unamortized deferred capital contributions consists of the following:

4. Deferred capital contributions (continued):

	2023	2022
Unamortized capital contributions used to purchase assets	$ 8,839,102	$ 5,234,719
Unspent contributions	1,520,340	2,106,932
	$ 10,359,442	$ 7,341,651

5. Investment in capital assets:

	2023	2022
Capital assets	$ 10,138,899	$ 5,964,009
Amounts funded by deferred capital contributions	(10,359,442)	(7,341,651)
	$ (220,543)	$ (1,377,642)

6. Commitments and contingencies:

The Organization rents land under an operating lease that expires February 10, 2027. The annual rent is $6,861 and the future minimum lease payments to the expiry date are $26,872.

Under the terms of an agreement, the Province provided grants in the amount of $400,000 (2022 - $200,000) towards the salaries of client service and case managers. The Organization may be required to repay all or a portion of the grant if certain conditions contained in the agreement are not met. At March 31, 2023, the Organization has complied with the terms and conditions of the agreement.

Under the terms of an agreement with the City and as an intermediary under a CMHC Funding Agreement, the City provided funding in the amount of $7,428,476 (2022 - $5,428,476) towards the acquisition of capital assets to create affordable housing for people and populations who are vulnerable. The Organization may be required to repay the grant if certain conditions contained in the agreement are not met. At March 31, 2023, the Organization has complied with the terms and conditions of the agreement.

Under the terms of an agreement, the Province provided grants in the amount of $933,000 (2022 - $466,000) towards the Organization's goals and initiatives to create safe and affordable housing for people and population who are vulnerable. The Organization may be required to

6. Contingent liabilities non-linked (continued):

repay all or a portion of the grant if certain conditions contained in the agreement are not met. At March 31, 2023, the Organization has complied with the terms and conditions of the agreement.

Under the terms of an agreement, the Human Development Council provided grants in the amount of $400,000 (2022 - $370,000) towards capital costs. The Organization may be required to repay all or a portion of the grant if certain conditions contained in the agreement are not met. At March 31, 2023, the Organization has complied with the terms and conditions of the agreement.

7. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that the counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Organization is dependent on the funding from the Province, City, and the Federal Government of Canada, and is economically dependent on this funding.

8. Subsequent events:

Subsequent to the year-end, the Organization purchased capital assets in the amount of $1,292,000 and received funding contributions of $4,410,000.

RISING TIDE COMMUNITY INITIATIVES
COMMUNAUTAIRE MARÉE MONTANTE INC.

Schedule 1 - Administration Expenses

Years ended March 31, 2023 and 2022

	2023	2022
Salaries and benefits	$ 246,939	$ 68,254
Professional fees	23,235	16,814
Office and general	15,388	6,411
Marketing and communications	14,425	9,384
Storage	4,354	1,451
Travel	3,689	368
Membership fees	2,679	-
Meals and entertainment	2,047	73
Telephone	1,174	-
Bank charges and interest	864	6,027
	$ 314,794	$ 108,782