

Villa Rosa Inc.
Financial Statements
March 31, 2026

To the Board of Directors of Villa Rosa Inc.:

Opinion

We have audited the financial statements of Villa Rosa Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2026, 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 March 31, 2026, 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 Auditor's 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 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 these 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.

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

June 18, 2026

MNP LLP

Chartered Professional Accountants

Villa Rosa Inc.
Statement of Financial Position
As at March 31, 2026

	2026	2025
Assets		
Current		
Cash (Note 3)	396,735	213,452
Accounts receivable	39,754	43,642
Goods and services tax receivable	3,771	4,460
Prepaid expenses	25,288	22,969
	465,548	284,523
Capital assets (Note 4)	1,334,762	1,415,606
	1,800,310	1,700,129
Liabilities		
Current		
Accounts payable and accruals (Note 5)	153,096	176,467
Deferred contributions (Note 6)	232,781	149,559
	385,877	326,026
Deferred contributions related to capital assets (Note 7)	1,236,674	1,313,692
	1,622,551	1,639,718
Net Assets		
Unrestricted	-	(41,503)
Invested in capital assets	98,088	101,914
Internally restricted (Note 8)	79,671	-
	177,759	60,411
	1,800,310	1,700,129

Approved on behalf of the Board of Directors


 Director


 Director

Villa Rosa Inc.
Statement of Operations
For the year ended March 31, 2026

	2026	2025
Revenue		
Grants		
Province of Manitoba		
Base funding	1,006,600	985,300
Healthy Child	60,500	60,500
United Way of Winnipeg		
Base funding	275,201	270,201
SEED - Asset Building Program	1,140	6,385
Winnipeg School Division	14,000	14,000
Other	220,899	240,434
Per diems		
Province of Manitoba	129,606	131,359
First Nations	119,212	59,115
Recoveries and other	3,385	6,145
Capital asset contributions apportioned to income (Note 7)	86,563	92,753
Fundraising and donations	269,429	268,894
	2,186,535	2,135,086
Expenses		
Activities	149,808	194,037
Administrative	88,076	87,161
Amortization	116,743	114,054
Fund development	58,285	78,797
Office and building maintenance	165,383	149,547
Salaries and benefits (Note 9)	1,486,579	1,453,843
Transfer to The Winnipeg Foundation (Note 10)	4,313	7,843
	2,069,187	2,085,282
Excess of revenue over expenses before other items	117,348	49,804
Other items		
Gain on disposal of capital assets	-	2,000
Excess of revenue over expenses	117,348	51,804

The accompanying notes are an integral part of these financial statements

Villa Rosa Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2026

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	<i>Internally restricted</i>	2026	2025
Net assets (deficit), beginning of year	(41,503)	101,914	-	60,411	8,607
Excess of revenue over expenses	147,528	(30,180)	-	117,348	51,804
Capital asset purchases, net of contributions received	(26,354)	26,354	-	-	-
Transfer <i>(Note 8)</i>	(79,671)	-	79,671	-	-
Net assets, end of year	-	98,088	79,671	177,759	60,411

The accompanying notes are an integral part of these financial statements

Villa Rosa Inc.
Statement of Cash Flows
For the year ended March 31, 2026

	2026	2025
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	117,348	51,804
Amortization	116,743	114,054
Capital asset contributions apportioned to income	(86,563)	(92,753)
Gain on disposal of capital assets	-	(2,000)
	147,528	71,105
Changes in working capital accounts		
Accounts receivable	3,888	(12,860)
Goods and services tax receivable	689	766
Prepaid expenses	(2,319)	18,712
Accounts payable and accruals	(23,371)	14,541
Deferred contributions	83,222	(50,405)
	209,637	41,859
Financing		
Cash contributions received for capital assets	9,545	44,417
Investing		
Purchase of capital assets	(35,899)	(67,411)
Proceeds on disposal of capital assets	-	2,000
	(35,899)	(65,411)
Increase in cash resources	183,283	20,865
Cash resources, beginning of year	213,452	192,587
Cash resources, end of year	396,735	213,452

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Villa Rosa Inc. (the "Organization") was incorporated without share capital on June 15, 1965 and is a registered charity and thus exempt from income taxes under Section 149(1)(f) of the Income Tax Act (the "Act").

The Organization's purpose is to provide educational, health and social services to young, single women, their children and their families during and after pregnancy, principally in the Province of Manitoba, and to promote personal growth and adaptation to the community.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash

Cash include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Buildings	40 years
Computer equipment and automotive	5 years
Furniture and fixtures	10 years

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Organization's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Impairment of long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The Organization uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are 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.

Fundraising revenue is recognized in the period the fundraising activities occur.

Restricted grant revenue is recognized as related expenses are incurred.

Per diems revenue is recognized when services have been provided and collection is reasonably assured.

Contributions related to the purchase of capital assets are recorded as deferred capital asset contributions and recognized as revenue at the same rate as the related capital asset amortization expense.

Contributed materials and services

Volunteers contribute a significant amount of their time each year to assist the Organization in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are recorded as revenue providing the fair value on the contribution date can be reasonably estimated.

Government assistance

Claims for assistance under various government grant programs are recorded in expense in the period in which eligible expenditures are incurred.

Customer's accounting for cloud computing arrangement

The Organization has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Organization recognizes expenditures related to the elements in the cloud computing arrangement as an expense as incurred. In the current year, expenses of \$4,581 (2025 - \$4,950) have been recognized as administrative expenses.

Multi-employer defined benefit plan

The Organization is part of a multi-employer defined benefit pension plan for which there is insufficient information to apply defined benefit pension plan accounting because the actuary does not attribute portions of the surplus to individual employers. Accordingly, the Organization is not able to identify its share of the plan assets and liabilities, and therefore, the Organization uses defined contribution plan accounting for this plan.

Measurement uncertainty (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 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Allowance for doubtful accounts included in accounts receivable is nil (2025 - nil). Amortization is based on the estimated useful lives of capital assets. Deferred contributions related to capital assets are recognized as revenue based on the estimated useful lives of capital contributions.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management consider whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenues over expenses in the year the reversal occurs.

Villa Rosa Inc.
Notes to the Financial Statements
For the year ended March 31, 2026

3. Cash

At March 31, 2026, the Organization has available a line of credit totaling \$30,000 (2025 - \$30,000). At the end of the year, the line of credit was not drawn. The line of credit is secured by the following:

- General security agreement providing a first charge on all assets of the Organization; and
- Insurance waiver.

Additionally, the Organization has agreed to the following performance covenants: to maintain a cash flow coverage ratio of no less than 1:1 calculated annually and to provide year-end financial statements within six months of fiscal year end.

At March 31, 2026, the Organization is in compliance with the cash flow coverage ratio.

4. Capital assets

	Cost	Accumulated amortization	2026 Net book value
Land	225,940	-	225,940
Buildings	2,505,202	1,754,014	751,188
Computer equipment and automotive	215,926	155,840	60,086
Furniture and fixtures	802,754	505,206	297,548
	3,749,822	2,415,060	1,334,762

	Cost	Accumulated amortization	2025 Net book value
Land	225,940	-	225,940
Buildings	2,505,202	1,695,491	809,711
Computer equipment and automotive	215,926	124,531	91,395
Furniture and fixtures	766,855	478,295	288,560
	3,713,923	2,298,317	1,415,606

5. Accounts payable and accruals

	2026	2025
Trade payables	47,939	29,370
Salaries, wages, and vacation pay	102,557	144,018
Government remittances	2,600	3,079
	153,096	176,467

6. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for delivery of service programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2026	2025
Balance, beginning of year	149,559	199,964
Amount received during the year	1,282,528	1,479,439
Less: Amount recognized as revenue during the year	(1,199,306)	(1,529,844)
Balance, end of year	232,781	149,559

7. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2026	2025
Balance, beginning of year	1,313,692	1,362,028
Amount received during the year	9,545	44,417
Less: Amounts recognized as revenue during the year	(86,563)	(92,753)
Balance, end of year	1,236,674	1,313,692

8. Restrictions on net assets

Internally restricted net assets

During the year, the Organization's board of directors internally restricted \$79,671 (2025 – \$nil) of unrestricted net assets to be held for future general operations as a contingency reserve. These internally restricted amounts are not available for other purposes without approval of the board of directors.

9. Employee future benefits

Multi-employer plans

The employees of the Organization are members of the Community Agencies Benefit Plan, a multi-employer, defined benefit pension plan. The rate of employee contributions to the Fund in 2026 is 7% (2025 - 7%) of the Yearly Maximum Pensionable Earnings plus 8.75% (2025 - 8.75%) of any gross earnings above the maximum. No voluntary contributions are permitted. The employee contributions and the employer matching contributions are solely based on salary. The Organization's contribution and expense for the year was \$67,414 (2025 - \$72,845).

10. Villa Rosa Endowment Fund held by The Winnipeg Foundation

An endowment fund was established with The Winnipeg Foundation in prior years whereby donors may choose to contribute to the Villa Rosa Endowment Fund ("Endowment Fund") held by The Winnipeg Foundation. The Winnipeg Foundation will preserve the capital contributed and will distribute all income generated thereon to the Organization in perpetuity. The Endowment Fund balance is not reflected in the Organization's financial statements. During the year, donors contributed \$7,100 (2025 - \$10,988) to the Endowment Fund, and the Organization transferred \$4,313 (2025 - \$7,843) representing one half of the net proceeds from fundraising activities to the Endowment Fund. During the year, the Organization received income of \$44,158 (2025 - \$43,703) from the Endowment Fund. The balance of endowment fund income included in deferred contributions at year-end was \$148,397 (2025 - \$107,790). As at March 31, 2026, the market value of the Endowment Fund including disbursements payable was \$1,043,394 (2025 - \$959,578).

11. Economic dependence

The Organization's primary source of revenue is provincial government grants. The grant funding can be cancelled if the Organization does not observe certain established guidelines. The Organization's ability to continue viable operations is dependent upon maintaining its compliance with the criteria within the provincial government guidelines. As at the date of these financial statements the Organization believes that it is in compliance with the guidelines.

12. 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 interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. To mitigate this risk, the Organization maintains adequate levels of working capital to ensure all its obligations can be met when they become due.