

**RISE ASSET DEVELOPMENT**

*REPORT AND FINANCIAL STATEMENTS*  
*APRIL 30, 2016*

## ***INDEPENDENT AUDITORS' REPORT***

### ***To the Board of Directors, Rise Asset Development***

We have audited the accompanying financial statements of Rise Asset Development, which comprise the statement of financial position as at April 30, 2016, and the statements of income and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Rise Asset Development as at April 30, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*G. J. Moore + Company LLP*

**Mississauga, Ontario  
August 24, 2016**

**Chartered Professional Accountants  
Licensed Public Accountants**

# RISE ASSET DEVELOPMENT

(Incorporated under the Business Corporations Act - Canada and continued under Section 211 of the Canada Non-for-profit Corporations Act)

## STATEMENT OF FINANCIAL POSITION

As at April 30,

	2016	2015
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 533,774	\$ 154,333
Short-term investments (Note 3)	207,609	205,707
Receivables (Note 4)	270	22,782
HST Rebate	12,094	10,701
Prepaid expenses	2,032	4,563
Current portion of loans receivable (Note 5)	146,952	88,347
	902,731	486,433
<b>Loans receivable (Note 5)</b>	182,340	154,139
	\$ 1,085,071	\$ 640,572
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 26,450	\$ 85,677
Government remittances payable	11,035	10,631
Deferred revenue (Note 6)	482,929	83,847
Loan payable (Note 7)	-	100,000
	520,414	280,155
<b>NET ASSETS</b>		
<b>Unrestricted net assets</b>	564,657	360,417
	\$ 1,085,071	\$ 640,572

On behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**RISE ASSET DEVELOPMENT****STATEMENT OF INCOME AND CHANGES IN NET ASSETS***For the year ended April 30,*

	2016	2015
<b>Revenue</b>		
Government funding (Note 8)	\$ 303,858	\$ 416,894
Funding (Note 9)	345,132	202,100
Corporate donations	157,000	-
Interest from investments	3,786	3,824
Interest from loans receivable	10,118	6,804
Other revenue	124,522	16,908
	<b>944,416</b>	<b>646,530</b>
<b>Expenses</b>		
Administrative expenses (Schedule A)	179,083	144,850
Program expenses (Schedule B)	561,093	647,286
	<b>740,176</b>	<b>792,136</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>204,240</b>	<b>(145,606)</b>
<b>Unrestricted net assets, beginning of year</b>	<b>360,417</b>	<b>506,023</b>
<b>Unrestricted net assets, end of year</b>	<b>\$ 564,657</b>	<b>\$ 360,417</b>

**RISE ASSET DEVELOPMENT**

**SCHEDULE OF ADMINISTRATIVE EXPENSES**

*Schedule A*

*For the year ended April 30,*

	2016	2015
Audit and legal	\$ 12,349	\$ 11,188
Bookkeeping	8,690	8,528
Insurance	4,603	5,060
Office and general	16,071	9,798
Rent and occupancy costs	21,449	14,000
Salaries and benefits	115,921	96,276
	<b>\$ 179,083</b>	<b>\$ 144,850</b>

**SCHEDULE OF PROGRAM EXPENSES**

*Schedule B*

*For the year ended April 30,*

	2016	2015
Bad debts	\$ 13,775	\$ 8,257
Consultants	25,809	31,578
Delivery	7,800	15,089
Marketing and promotion	12,467	9,878
Mentor training	727	201
Professional development	2,739	1,327
Program costs	201,877	258,032
Salaries and benefits	291,960	319,844
Symposium and event costs	3,939	3,080
	<b>\$ 561,093</b>	<b>\$ 647,286</b>

## **RISE ASSET DEVELOPMENT**

### **STATEMENT OF CASH FLOWS**

*For the year ended April 30,*

	2016	2015
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ 204,240	\$ (145,606)
Net changes in non-cash working capital amounts:		
Receivables	22,512	(21,356)
HST Rebate	(1,393)	(1,970)
Prepaid expenses	2,531	(4,563)
Accounts payable and accrued liabilities	(59,227)	65,242
Government remittances payable	404	3,813
Deferred revenue	399,082	(26,484)
Loan payable	(100,000)	100,000
	468,149	(30,924)
<b>Investing activities</b>		
Short-term investments	(1,902)	4,179
Loans receivable (current)	(58,605)	(33,059)
Loans receivable	(28,201)	(54,439)
	(88,708)	(83,319)
<b>Net increase (decrease) in cash during the year</b>	<b>379,441</b>	<b>(114,243)</b>
<b>Cash, beginning of the year</b>	<b>154,333</b>	<b>268,576</b>
<b>Cash, end of the year</b>	<b>\$ 533,774</b>	<b>\$ 154,333</b>

## ***RISE ASSET DEVELOPMENT***

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### ***NOTES TO FINANCIAL STATEMENTS***

*April 30, 2016*

#### ***Organization and purpose***

Rise Asset Development ("Rise") was incorporated without share capital by letters patent on May 22, 2009 under the Canada Corporations Act and continued under Section 211 of the Canada Not-for-profit Corporations Act effective September 15, 2014. Rise obtained the status of a registered charity on May 1, 2010.

The purpose of Rise is to:

- 1) Relieve need amongst hard to employ persons recovering from a mental illness and addiction by providing training, mentoring, support services and micro-loans to assist them in obtaining self-employment or employment, and evaluating effectiveness.
- 2) Train and educate advisors and mentors on how to support persons with mental health and addiction issues and assist them in becoming self-employed or employed in the community.
- 3) Educate and increase public understanding of issues surrounding mental health and addiction and the supports needed to promote the self-sustainability of persons with mental health and addiction issues in the community.

Rise is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

#### ***1. Summary of significant accounting policies***

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

##### **Revenue recognition**

Rise follows 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.

Interest income is recorded on the accrual basis.



## ***RISE ASSET DEVELOPMENT***

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### ***NOTES TO FINANCIAL STATEMENTS***

*April 30, 2016*

#### ***1. Summary of significant accounting policies (continued)***

##### **Short-term investments**

Short-term investments are stated at cost, due to their held to maturity nature, and consist of term deposits and Guaranteed Investment Certificates with maturity dates longer than 90 days. Interest revenue is accrued at year end and included in receivables.

##### **Measurement uncertainty**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Such estimates include the allowance for doubtful accounts. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

##### **Financial instruments**

Rise initially measures its financial assets and liabilities at fair value. Rise subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets and financial liabilities include cash, short-term investments, accounts receivable, and accounts payable. The organization has not designated any financial asset or financial liability to be measured at fair value.

#### ***2. Financial instruments***

The significant financial risks to which Rise is exposed are as follows:

##### **Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. Rise is exposed to credit risk from participants of the microfinancing program. Rise monitors the credit risk and credit rating of these participants on a regular basis and maintains an allowance where collectability is doubtful.

## **RISE ASSET DEVELOPMENT**

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### **NOTES TO FINANCIAL STATEMENTS**

*April 30, 2016*

#### **3. Short-term investments**

Short-term investments consist of two term deposits in the amount of \$29,174 and \$157,727 and a GIC in the amount of \$20,708. These short-term investments will mature on November 19, 2016, April 14, 2017 and March 26, 2017, respectively. These short-term investments bear interest at rates of 0.80%, 0.70% and 0.90%, respectively, per annum on date of purchase.

Under the terms of Micro Loan Program agreement between Rise and Alterna Savings and Credit Union Limited ("Alterna"), Alterna will administer loans on Rise's behalf to eligible participants in the program. Rise must maintain, in a separate account, deposits equivalent to no less than one hundred percent (100%) of the principal amount of loans issued by Alterna under the Program at all times. At April 30, 2016, the principal amount of loans issued was \$nil. Security was a GIC in the amount of \$20,708.

#### **4. Receivables**

	2016	2015
Interest receivable	\$ 157	\$ 203
Government funding receivable	-	22,447
Other receivables	113	132
	<b>\$ 270</b>	<b>\$ 22,782</b>

**RISE ASSET DEVELOPMENT**

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**NOTES TO FINANCIAL STATEMENTS**

*April 30, 2016*

**5. Loans receivable**

Rise provides micro-financing to men and women living with mental illness and addictions who are interested in pursuing self-employment. Interest rate charged on loans receivable was Royal Bank of Canada's prime rate (April 30, 2015 - 3%) plus 0.5% with all loans secured by the assets of the business.

Loans receivable (current)	\$	147,998
Less: allowance for doubtful loans		(1,046)
		<hr/>
		146,952
Loans receivable (long-term)		182,340
		<hr/>
		\$ 329,292
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The following table summarizes the loans receivable for future years:

2017 -	\$	146,952
2018 -		96,460
2019 -		50,670
2020 -		19,948
2021 and thereafter -		15,262
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		\$ 329,292
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## ***RISE ASSET DEVELOPMENT***

### **NOTES TO FINANCIAL STATEMENTS**

*April 30, 2016*

#### **6. *Deferred revenue***

Deferred revenue consists of unspent resources received or receivable from the following:

	2016	2015
Citi Foundation	\$ 78,113	\$ 83,847
Strategic Community Entrepreneurship Projects	61,295	-
Social Enterprise Demonstration Fund	243,521	-
The Rotman Family Foundation	100,000	-
	<b>\$ 482,929</b>	<b>\$ 83,847</b>

#### **7. *Loan payable***

In the prior year, Rise received the sum of \$100,000 in the form of an interest free loan. During the fiscal year, this loan was converted into a contribution.

#### **8. *Government funding***

Rise received funding from the following government agencies during the fiscal year:

	2016	2015
Ontario Ministry of Children and Youth Services	\$ 166,600	\$ 164,875
Ministry of Economic Development, Trade and Employment	22,446	252,019
Ministry of Economic Development, Employment and Infrastructure	75,000	-
Ministry of Health and Long-term Care	39,812	-
	<b>\$ 303,858</b>	<b>\$ 416,894</b>

## ***RISE ASSET DEVELOPMENT***

### ***NOTES TO FINANCIAL STATEMENTS***

*April 30, 2016*

#### **9. *Funding***

Rise received funding from the following organizations during the fiscal year:

	<b>2016</b>	<b>2015</b>
RBC Foundation - for the purpose of expanding the Rise Group Training & Lending Program	\$ 100,000	\$ 75,000
The Rotman Family Foundation - for purposes of unrestricted funding	100,000	-
Citi Foundation - for the purposes of funding the Peer Supported Lending Program	108,676	127,100
The W. Garfield Weston Foundation for the purpose of funding the Rise Low Interest Small Business Loan Fund	25,000	-
Van Der Veen Family Fund at the Strategic Charitable Giving Foundation for the purpose of funding the Rise Asset Development Loan Fund	1,031	-
McCarthy Tetrault for the purpose of funding the December Matching Program	5,000	-
Deloitte Foundation for the purpose of funding the Rise Asset Development Fundraising Campaign	5,000	-
Wisdom Tree Project donation	425	-
	<b>\$ 345,132</b>	<b>\$ 202,100</b>

#### **10. *Commitment***

Rise rents office space from the University of Toronto. Rise will be expected to pay rent and occupancy costs at an estimated rate of \$16,000 for 2017 fiscal year.

## ***RISE ASSET DEVELOPMENT***

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### ***NOTES TO FINANCIAL STATEMENTS***

*April 30, 2016*

#### **11. *Contingency***

As of April 30, 2016, Rise has guaranteed loans receivable held by Alterna in the amount of \$nil (2015 - \$7,808).

#### **12. *Comparative figures***

The comparative figures have been reclassified to conform with the current year's presentation.

#### **13. *Message from the Executive Director***

Rise is a charity that provides low interest small business loans, free training and mentorship to men and women with a history of mental health and addiction challenges who are unable to access traditional financing. Rise employs entrepreneurship as a pathway to better health outcomes and quality of life for people with a history of mental health and addictions challenges. While our ambitions are national in scope, we currently support entrepreneurs across Ontario.

Rise supports an individual's recovery and illness management by fostering social inclusion through financial inclusion primarily through four key programs.

Our Small Business Lending Program provides low interest loans to launch or grow a small business or to attend business related events like a trade show. Eligible entrepreneurs can access up to \$10,000 in financing. Rise is a character based lender. We look at both the person and the business. Although we do consider credit history in making our lending decisions, we look at more than just a credit score. We consider the individual's commitment to take the necessary steps to get their finances back on track - and enjoy a very competitive default rate!

Our Peer Supported Start-Up program includes a month long training program that's focused on each learner producing a business plan. Lending groups composed of 3-6 borrowers are formed at the outset of the program. For those who wish to move forward with their completed business plan, low interest financing is offered in small amounts to individuals to start (\$1500 or less). Rise connects the borrowers to business mentors and industry experts in the community, to augment the encouragement members of the group receive from each other. Rise also hosts monthly sessions with the group members and mentor. The support system created through a group is an important resource for each member in the group. When an entrepreneur faces questions or challenges with their business, she is connected to like-minded entrepreneurs for support.

## ***RISE ASSET DEVELOPMENT***

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### ***NOTES TO FINANCIAL STATEMENTS***

***April 30, 2016***

#### ***13. Message from the Executive Director (continued)***

With funding from the Government of Ontario, we also offer a Youth Small Business Program that is human-centred, creative and inter-active, based on the Rotman DesignWorks methodology. It's ~23 training sessions in length. Once again, the course is focused on the production of a business plan. Provided a learner misses no more than 2 classes, she is provided \$500 to get her business started upon successful completion of the class. Youth is defined as 16 - 29 years of age. Words can't do this program justice so I encourage you to check out our fun video found on Vimeo that includes participants' accounts of the program.

Our Mentorship Program wraps around all of our other programming. It is designed to provide Rise entrepreneurs with additional support and guidance as they design and implement their business plans, as well as grow their businesses, while working to decrease stigma.

The innovative Rise program - that brings together a world-class business school together with a world-class mental health organization - has the potential to lift up entire communities in its ability to transform the person while supporting the creation and growth of businesses. This is because the Rise program is as much about equity, fairness and inclusion as it is about loans and mentors. While there are employment supports for those with serious mental illness, the options can be limited. Once the Rise program works with entrepreneurs to remove barriers in their way, they start a variety of businesses that include professional service, artisanal craft and various goods and services businesses - often aligned with the entrepreneur's personal passions. Rise represents a unique opportunity to support better health outcomes for individuals with a history of mental health and addiction challenges, while at the same time encouraging business growth. Small loans have big impact!

Jodi Butts, Executive Director