

RISE ASSET DEVELOPMENT

*REPORT AND FINANCIAL STATEMENTS
APRIL 30, 2017*

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, 2017, 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, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Gilmore Company LLP

Mississauga, Ontario
August 2, 2017

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,

	2017	2016
ASSETS		
Current		
Cash	\$ 212,326	\$ 533,774
Short-term investments (Note 3)	204,361	207,609
Receivables (Note 4)	72,549	270
HST Rebate	18,856	12,094
Prepaid expenses	11,836	2,032
Current portion of loans receivable (Note 5)	192,984	146,952
	712,912	902,731
Loans receivable (Note 5)	326,267	182,340
	\$ 1,039,179	\$ 1,085,071
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 31,115	\$ 26,449
Government remittances payable	-	11,035
Deferred revenue (Note 6)	120,000	482,929
	151,115	520,413
NET ASSETS		
Unrestricted net assets	888,064	564,658
	\$ 1,039,179	\$ 1,085,071

On behalf of the Board

_____ Director

_____ Director

RISE ASSET DEVELOPMENT

STATEMENT OF INCOME AND CHANGES IN NET ASSETS

For the year ended April 30,

	2017	2016
Revenue		
Government funding (<i>Note 7</i>)	\$ 684,376	\$ 303,858
Donations and fundraising (<i>Note 8</i>)	644,496	626,654
Interest from investments	3,957	3,786
Interest from loans receivable	15,806	10,118
	1,348,635	944,416
Expenses		
Administrative expenses (<i>Schedule A</i>)	196,293	179,084
Program expenses (<i>Schedule B</i>)	828,936	561,093
	1,025,229	740,177
Excess of revenues over expenses	323,406	204,239
Unrestricted net assets, beginning of year	564,658	360,419
Unrestricted net assets, end of year	\$ 888,064	\$ 564,658

RISE ASSET DEVELOPMENT

SCHEDULE OF ADMINISTRATIVE EXPENSES

Schedule A

For the year ended April 30,

	2017	2016
Audit and legal	\$ 10,449	\$ 12,349
Bookkeeping	8,513	8,690
Insurance	6,709	4,603
Office and general	17,738	16,072
Rent and occupancy costs	20,347	21,449
Salaries and benefits	132,537	115,921
	\$ 196,293	\$ 179,084

SCHEDULE OF PROGRAM EXPENSES

Schedule B

For the year ended April 30,

	2017	2016
Bad debts	\$ 30,085	\$ 13,775
Consultants	32,392	25,809
Delivery	14,904	7,800
Marketing and promotion	17,629	12,467
Mentor training	-	727
Professional development	38	2,739
Program costs	384,156	201,877
Salaries and benefits	349,732	291,960
Symposium and event costs	-	3,939
	\$ 828,936	\$ 561,093

RISE ASSET DEVELOPMENT

STATEMENT OF CASH FLOWS

For the year ended April 30,

	2017	2016
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses	\$ 323,406	\$ 204,239
Net changes in non-cash working capital amounts:		
Receivables	(72,279)	22,512
HST Rebate	(6,762)	(1,393)
Prepaid expenses	(9,804)	2,531
Accounts payable and accrued liabilities	4,666	(59,226)
Government remittances payable	(11,035)	404
Deferred revenue	(362,929)	399,082
Loan payable	-	(100,000)
	(134,737)	468,149
Investing activities		
Short-term investments	3,248	(1,902)
Loans receivable (current)	(46,032)	(58,605)
Loans receivable	(143,927)	(28,201)
	(186,711)	(88,708)
Net increase (decrease) in cash during the year	(321,448)	379,441
Cash, beginning of the year	533,774	154,333
Cash, end of the year	\$ 212,326	\$ 533,774

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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

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.

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NOTES TO FINANCIAL STATEMENTS

April 30, 2017

3. *Short-term investments*

Short-term investments consist of two term deposits in the amounts of \$24,636 and \$158,831 and a GIC in the amount of \$20,894. These short-term investments will mature on November 19, 2017, April 14, 2018 and March 26, 2018, respectively. These short-term investments bear interest at rates of 0.75%, 0.75% and 0.90% per annum, respectively.

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, 2017, the principal amount of loans issued was \$nil (2016 - \$nil). Security is a GIC in the amount of \$20,894 (2016 - \$20,708).

4. *Receivables*

	2017	2016
Interest receivable	\$ 152	\$ 157
Government funding receivable	70,833	-
Other receivables	1,564	113
	<u>\$ 72,549</u>	<u>\$ 270</u>

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NOTES TO FINANCIAL STATEMENTS

April 30, 2017

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 2.7% (April 30, 2016 - 2.7%) plus 2.5% with all loans secured by the assets of the business.

Loans receivable (current)	\$	194,030
Less: allowance for doubtful loans		(1,046)
		<hr/>
		192,984
Loans receivable (long-term)		326,267
		<hr/>
	\$	519,251
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The following table summarizes the loans receivable for future years:

2018 -	\$	194,030
2019 -		139,776
2020 -		87,084
2021 -		61,107
2022 and thereafter -		38,300
		<hr/>
	\$	520,297
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NOTES TO FINANCIAL STATEMENTS

April 30, 2017

6. *Deferred revenue*

Deferred revenue consists of unspent resources received or receivable that relate to the subsequent year:

	2017	2016
Balance, beginning of year	\$ 482,929	\$ 83,847
Less: amounts recognized as revenue in the year	(482,929)	(83,847)
Add: amounts received for the subsequent year	120,000	482,929
Balance, end of year	\$ 120,000	\$ 482,929

	2017	2016
Ontario Ministry of Health & Long-Term Care	\$ 60,000	\$ -
Shoppers Drug Mart Life Foundation	50,000	-
Business Development Bank	10,000	-
Citi Foundation	-	78,113
Strategic Community Entrepreneurship Projects	-	61,295
Social Enterprise Demonstration Fund	-	243,521
The Rotman Family Foundation	-	100,000
	\$ 120,000	\$ 482,929

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NOTES TO FINANCIAL STATEMENTS

April 30, 2017

7. Government funding

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

	2017	2016
Ontario Ministry of Children and Youth Services	\$ 166,600	\$ 166,600
Ontario Ministry of Economic Development, Trade and Employment	-	22,446
Ontario Ministry of Economic Development, Employment and Infrastructure	247,588	75,000
Ontario Ministry of Health and Long-term Care	270,188	39,812
	<u>\$ 684,376</u>	<u>\$ 303,858</u>

8. Donations and fundraising revenue

Rise received donations and fundraising revenue from the following during the fiscal year:

	2017	2016
Donations - foundations:		
RBC Foundation	\$ 100,000	\$ 100,000
The Rotman Family Foundation	115,000	100,000
Citi Foundation	78,113	108,675
Other	13,651	36,457
	<u>306,764</u>	<u>345,132</u>
Donations: corporations		
Business Development Bank	190,000	-
Bell Canada	101,000	101,000
Other	20,500	56,000
	<u>311,500</u>	<u>157,000</u>
Donations: individuals, and other fundraising	26,232	124,522
	<u>\$ 644,496</u>	<u>\$ 626,654</u>

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

9. *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 \$21,000 for 2018 fiscal year and \$26,000 for 2019 fiscal year.

10. *Contingency*

As of April 30, 2017, Rise has guaranteed loans receivable held by Alterna in the amount of \$nil (2016 - \$nil).

11. *Message from the Chief Executive Officer*

Rise is a charity that provides flexible low interest business loans, free training and volunteer mentorship to men and women with a history of mental health and addiction challenges who are unable to access traditional financing. Rise supports entrepreneurship as a pathway to recovery, social inclusion and improved quality of life for people with a history of mental health and addictions challenges. In addition, Rise delivers the issue of mental health to the doorstep of the business community through its volunteer mentorship program.

Rise is at an incredible inflection point. We have a National Expansion Strategic Plan -- available on our website. We have spent the last year making investments and getting Rise ready to grow outside of Ontario. We are poised to carry the Rise mission from coast to coast to coast. We need you now more than ever so that we can make our services available to all Canadians. Please read the Plan and see yourself in it.

You've all heard there is no health without mental health. There is also no wealth without mental health!

Refer an entrepreneur to us; connect us with kindred agencies; donate within your means; and volunteer your time.

Small loans have a big impact - when we all come together!

Jodi Butts, Chief Executive Officer