Grant Thornton

Financial Statements

Rise Asset Development

April 30, 2018

Contents

Grant Thornton

Independent auditor's report

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To the Board of Directors of
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, 2018, and the statements of operations 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.

Auditor's 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 from 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 auditor's 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 auditor considers 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.

Rise Asset Development
Statement of Operations and Changes in Net Assets

Year ended April 30	2018	2017
Revenue		
Donations and fundraising	$ 566,492	$ 644,496
Government funding		
Ontario Ministry of Health and Long-Term Care	185,000	270,188
Ontario Ministry of Children and Youth Services	166,100	166,600
Ontario Ministry of Economic Development, Employment and Infrastructure	-	247,588
Interest from loans receivable	27,380	15,806
Interest from investments	3,797	3,957
	948,769	1,348,635
Expenses		
Administrative expenses		
Salaries and benefits	238,883	132,537
Rent and occupancy costs	26,601	20,347
Office and general	22,172	17,738
Audit and legal	17,609	10,449
Bookkeeping	14,276	8,513
Insurance	7,141	6,709
	326,682	196,293
Program expenses		
Salaries and benefits	286,366	349,732
Program costs	188,414	384,156
Consultants	87,136	32,392
Bad debts	29,194	30,085
Marketing and promotion	16,786	17,629
Symposium and event costs	12,373	-
Delivery	11,241	14,904
Professional development	2,422	38
	633,932	828,936
Total expenses	960,614	1,025,229
(Deficiency) excess of revenue over expenses	(11,845)	323,406
Unrestricted net assets, beginning of year	888,064	564,658
Unrestricted net assets, end of year	$ 876,219	$ 888,064

See accompanying notes to the financial statements.

Rise Asset Development
Statement of Financial Position

April 30		2018		2017
Assets				
Current				
Cash	$	**382,757**	$	212,326
Short-term investments (Note 3)		**181,105**		204,361
Accounts receivable		**16,131**		91,405
Prepaid expenses		**12,548**		11,836
Current portion of loans receivable (Note 4)		**203,481**		192,984
		796,022		712,912
Loans receivable (Note 4)		**475,707**		326,267
	$	**1,271,729**	$	1,039,179

Liabilities				
Current				
Accounts payable and accrued liabilities	$	**36,399**	$	31,115
Deferred revenue (Note 5)		**359,111**		120,000
		395,510		151,115
Net assets				
Unrestricted net assets		**876,219**		888,064
	$	**1,271,729**	$	1,039,179

On behalf of the Board of Directors

________________ Director ________________ Director

See accompanying notes to the financial statements.

Rise Asset Development
Statement of Cash Flows

Year ended April 30	2018	2017
Increase (decrease) in cash		
Operating		
(Deficiency) excess of revenue over expenses	$ **(11,845)**	$ 323,406
Change in non-cash working capital items		
Accounts receivable	**75,274**	(79,041)
Prepaid expenses	**(712)**	(9,804)
Accounts payable and accrued liabilities	**5,284**	(6,369)
Deferred revenue	**239,111**	(362,929)
	307,112	(134,737)
Investing		
Increase in short-term investments	**23,256**	3,248
Net change in loans receivable	**(159,937)**	(189,959)
	(136,681)	(186,711)
Increase (decrease) in cash	**170,431**	(321,448)
Cash		
Beginning of year	**212,326**	533,774
End of year	$ **382,757**	$ 212,326

1. Nature of operations

Rise Asset Development ("Rise") was incorporated without share capital by letters patent on May 22, 2009 under the Canada Corporations Act and continued under the Canada Not-for-profit Corporations Act effective September 15, 2014. Rise obtained the status of a registered charity on May 1, 2010. Rise is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

The purpose of Rise is to:

a) 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.

b) 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.

c) 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.

2. 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 as earned.

Use of estimates

Certain items in the preparation of the financial statements require management's best estimate. Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned course of action.

These estimates are reviewed periodically and adjustments are made to the excess (deficiency) of revenue over expenses as appropriate in the year they become known. Estimates include the allowance for doubtful accounts receivable and loans receivable and the deferral of revenue.

2. Summary of significant accounting policies (continued)

Financial instruments

Rise considers any contract creating a financial assets, liability or equity instrument as a financial instrument.

Rise's financial instruments consistent of cash, short-term investments, accounts receivable, loans receivable and accounts payable. Rise initially measures its financial assets and liabilities at fair value. Rise subsequently measures all its financial assets and financial liabilities at amortized cost, with the exception of cash and short-term investments, which are measured at fair value.

3. Short-term investments

Short-term investments consist of a term deposit of $160,023 and a guaranteed investment certificate (GIC) of $21,082. These short-term investments will mature on April 14, 2019 and March 26, 2019, respectively. These short-term investments bear interest at rates of 0.85% and 0.90% per annum, respectively.

4. 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 is Royal Bank's prime rate 3.45% (2017 - 2.70%) plus 2.5% with all loans secured by the assets of the business.

The following table summarizes the loans receivable for future years:

2019	$ 203,481
2020	186,087
2021	151,262
2022	99,532
2023 and thereafter	38,826
	$ 679,188

5. Deferred revenue

Deferred revenue consists of restricted grant funding, donations and fundraising received or receivable that are to fund expenses in a subsequent period:

	2018	2017
Balance, beginning of year	**$ 120,000**	$ 482,929
Add: received	**1,156,703**	965,943
Less: revenue recognized	**(917,592)**	(1,328,872)
Balance, end of year	**$ 359,111**	$ 120,000

6. Commitment

Rise rents office space from the University of Toronto. Rise is committed to pay rent and occupancy costs at an estimated rate of $26,000 for 2019 fiscal year.

7. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extended risk related to financial instruments. Rise is primarily exposed to interest rate, credit and liquidity risks. There has been no changes to the nature of the risk exposure from prior year.

Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. Rise is exposed to interest rate risk arising from its short-term investments. Interest rate risk arise from the possibility that changes in interest rates will affect the value of fixed income securities held by Rise. This risk is managed by ensuring holdings are low-risk in nature.

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 its loans and accounts receivable. Rise monitors the credit risk and credit rating of the participants of the microfinancing program on a regular basis and maintains an allowance where collectability is doubtful. As at April 30, 2018, the allowance for doubtful accounts for loans receivable and account receivable is $Nil (2017 - $1,045) and $Nil (2017 - $Nil), respectively.

Liquidity risk

Liquidity risk is the risk that Rise will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Rise is exposed to liquidity risk arising from its accounts payable. Rise manages its liquidity risk by monitoring its operating requirements. Rise prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

8. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the fiscal 2018 financial statements.