Grant Thornton

Financial Statements

Rise Asset Development

April 30, 2019

Contents

Independent Auditor's Report

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To the Board of Directors of
Rise Asset Development

Opinion

We have audited the financial statements of **Rise Asset Development** ("Rise"), which comprise the statement of financial position as at April 30, 2019, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Rise Asset Development** as at April 30, 2019, and its 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 Rise 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 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.

In preparing the financial statements, management is responsible for assessing Rise'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 Rise or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Rise'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 Rise'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 Rise'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 Rise 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.

Grant Thornton LLP

Toronto, Canada
August 26, 2019

Chartered Professional Accountants
Licensed Public Accountants

Rise Asset Development
Statement of Operations and Changes in Net Assets

Year ended April 30		2019		2018
Revenue				
Donations and fundraising	**$**	**924,984**	$	566,492
Government funding				
Ontario Ministry of Health and Long-Term Care		**185,000**		185,000
Ontario Ministry of Children and Youth Services		**166,600**		166,100
Interest from loans receivable		**37,842**		27,380
Interest from investments		**6,378**		3,797
		1,320,804		948,769
Expenses				
Administrative expenses				
Salaries and benefits		**321,389**		238,883
Rent and occupancy costs		**28,292**		26,601
Office and general		**20,943**		22,172
Bookkeeping		**14,072**		14,276
Audit and legal		**12,919**		17,609
Insurance		**7,141**		7,141
		404,756		326,682
Program expenses				
Program costs		**459,537**		188,414
Salaries and benefits		**347,715**		286,366
Bad debts		**63,966**		29,194
Marketing and promotion		**33,234**		16,786
Consultants		**27,127**		87,136
Delivery		**26,937**		11,241
Symposium and event costs		**16,139**		12,373
Professional development		**5,975**		2,422
		980,630		633,932
		1,385,386		960,614
Deficiency of revenue over expenses		**(64,582)**		(11,845)
Unrestricted net assets, beginning of year		**876,219**		888,064
Unrestricted net assets, end of year	**$**	**811,637**	$	876,219

See accompanying notes to the financial statements.

Rise Asset Development
Statement of Financial Position

April 30		**2019**		2018
Assets				
Current				
Cash	**$**	**621,105**	$	382,757
Short-term investments (Note 3)		**351,895**		181,105
Accounts receivable (Note 8)		**16,616**		16,131
Prepaid expenses		**17,084**		12,548
Current portion of loans receivable (Notes 4 and 8)		**205,585**		152,208
		1,212,285		744,749
Loans receivable (Notes 4 and 8)		**671,989**		526,980
	$	**1,884,274**	$	1,271,729
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**72,845**	$	36,399
Loan payable (Note 5)		**574,960**		-
Deferred revenue (Note 6)		**424,832**		359,111
		1,072,637		395,510
Net assets				
Unrestricted		**811,637**		876,219
	$	**1,884,274**	$	1,271,729

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		**2019**		2018
Increase (decrease) in cash				
Operating				
Deficiency of revenue over expenses	**$**	**(64,582)**	$	(11,845)
Change in non-cash working capital items				
Accounts receivable		**(485)**		75,274
Prepaid expenses		**(4,536)**		(712)
Accounts payable and accrued liabilities		**36,446**		5,284
Deferred revenue		**65,721**		239,111
		32,564		307,112
Investing				
Receipt of loan payable		**574,960**		-
Increase in short-term investments		**(170,790)**		23,256
Net change in loans receivable		**(198,386)**		(159,937)
		205,784		(136,681)
Increase in cash		**238,348**		170,431
Cash				
Beginning of year		**382,757**		212,326
End of year	**$**	**621,105**	$	382,757

See accompanying notes to the financial statements.

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 recognized 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 deficiency of revenue over expenses as appropriate in the year they become known. Estimates include the allowance for doubtful accounts related to 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 asset, liability or equity instrument as a financial instrument.

Rise's financial instruments consistent of cash, short-term investments, accounts receivable, loans receivable, accounts payable and loan 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.

Internally developed intangible assets

Rise has the choice to implement a policy to either capitalize the costs related to internally developed intangible assets or expense these costs as incurred. Rise has adopted the policy to expense these costs as incurred.

3. Short-term investments

Short-term investments consist of a guaranteed investment certificate (GIC) that bears interest at a rate of 1.30% per annum and matures on November 15, 2019.

In fiscal 2018, short-term investments consist of a term deposit of $160,023 and a guaranteed investment certificate (GIC) of $21,082. These short-term investments had matured on November 15, 2018 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 3.95% (2018 – 3.45%) plus 2.5% with all loans secured by the assets of the business.

The following table summarizes the loans receivable for future years:

2020	$ 205,585
2021	175,335
2022	175,335
2023	149,035
2024 and thereafter	172,283
	$ 877,574

5. Loan payable

In fiscal 2019, Rise obtained a non-revolving term facility of up to $650,000, provided evenly from the Business Development Bank of Canada ("BDC”) and the Foundation. The facility bears interest at BDC’s floating base rate less 2.8% per annum and is due on February 28, 2020.

During the year, Rise drew $574,960 of the facility, evenly from BDC and the Foundation.

Subsequent to year end, on June 25, 2019, BDC forgave its loan to Rise.

6. Deferred revenue

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

	2019	2018
Balance, beginning of year	**$ 359,111**	$ 120,000
Add: revenue received	**1,342,305**	1,156,703
Less: revenue recognized	**(1,276,584)**	(917,592)
Balance, end of year	**$ 424,832**	$ 359,111

7. Commitment

Rise rents office space from the University of Toronto. Rise is committed to pay rent and occupancy costs at an estimated rate of $36,000 for 2020 fiscal year.

8. 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 and loan payable. Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities and loans held by Rise. This risk is managed by ensuring holdings are low-risk in nature.

8. Financial instruments (continued)

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, 2019, the allowance for doubtful accounts for loans receivable and account receivable is $11,116 (2018 - $Nil) and $Nil (2018 - $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 and loan 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.

9. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the fiscal 2019 financial statements.