

---

**RESTORE METHOD OF CARE CANADA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**

---

---

## INDEPENDENT AUDITORS' REPORT

---

To the Directors of  
Restore Method of Care Canada

### **Qualified Opinion**

I have audited the financial statements of Restore Method of Care Canada, which comprise the statement of financial position as at June 30, 2019 and the statements of income, changes in net assets and cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the Organization. Therefore, I was not able to determine whether any audit adjustments might be necessary to donations, fundraising, excess of revenue over expenses for the year, cash flow from operations for the years ended June 30, 2019 and 2018, and net assets as at January 1 and December 31 for the the 2018 and 2018 years. Our audit opinion on the financial statements for the years ended June 30, 2018 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibility under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit 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 organization, 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.

## **Auditors' Responsibility for the Audit of the Financial Statements**

My 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 included my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 appropriated 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 disclosure 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion, My conclusions are based on the audit evidence obtained up to the date of my 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 represents the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

A handwritten signature in black ink, appearing to read "J. Rade". The signature is written in a cursive, flowing style.

Markham, Ontario  
September 23, 2019

Chartered Professional Accountant  
Licensed Public Accountant

# RESTORE METHOD OF CARE CANADA

## STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 62,993	\$ 58,225
Founders account - cash (Note 3)	35,000	51,474
Accounts receivable	728	-
HST recoverable	5,438	1,979
Prepaid expenses	<u>1,152</u>	<u>1,040</u>
	<u>\$ 105,311</u>	<u>\$ 112,718</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 15,823	\$ 13,634
Government remittances payable	<u>1,829</u>	<u>1,919</u>
	<u>17,652</u>	<u>15,553</u>
<b>NET ASSETS</b>		
Founders account - internally restricted (Note 3)	35,000	51,474
SCMA account - internally restricted (Note 4)	21,394	14,574
Unrestricted	<u>31,265</u>	<u>31,117</u>
	<u>87,659</u>	<u>97,165</u>
	<u>\$ 105,311</u>	<u>\$ 112,718</u>

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# RESTORE METHOD OF CARE CANADA

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
<b>REVENUE</b>		
Fundraising	\$ 87,787	\$ 46,172
Donations - individual	38,679	32,953
Partner donations and service fees	20,600	11,220
Grants	<u>10,000</u>	<u>10,000</u>
	<u>157,066</u>	<u>100,345</u>
<b>EXPENSES</b>		
Salaries, wages and benefits	98,219	64,752
Fundraising	24,054	15,148
Training and e-learning development (Note 5)	19,150	291
Professional fees	10,194	21,673
Office and general	7,639	6,722
Advertising and promotion	2,154	150
Telecommunication	2,138	1,880
Bank charges	1,275	1,106
Insurance	1,162	1,351
Travel	587	1,581
Consulting fee	-	1,870
Donations	-	1,396
Equipment and facilities rental	<u>-</u>	<u>277</u>
	<u>166,572</u>	<u>118,197</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	(9,506)	\$ (17,852)

# RESTORE METHOD OF CARE CANADA

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2019

	<b>Unrestricted</b>	<b>Founders (Note 3)</b>	<b>SCMA (Note 4)</b>	<b>Total</b>
<b>NET ASSETS</b> , beginning of the year	\$ 31,117	\$ 51,474	\$ 14,574	\$ 97,165
Deficiency of revenues over expenses	(9,506)	-	-	(9,506)
Transfer to (from) internally restricted assets (Note 3 & 4)	<u>9,654</u>	<u>(16,474)</u>	<u>6,820</u>	<u>-</u>
<b>NET ASSETS</b> , end of the year	\$ 31,265	\$ 35,000	\$ 21,394	\$ 87,659

FOR THE YEAR ENDED June 30, 2018

	<b>Unrestricted</b>	<b>Founders (Note 3)</b>	<b>SCMA (Note 4)</b>	<b>Total</b>
<b>NET ASSETS</b> , beginning of the year	\$ 41,067	\$ 73,950	\$ -	\$ 115,017
Deficiency of revenues over expenses	(17,852)	-	-	(17,852)
Transfer to (from) internally restricted assets (Note 3 & 4)	<u>7,902</u>	<u>(22,476)</u>	<u>14,574</u>	<u>-</u>
<b>NET ASSETS</b> , end of the year	\$ 31,117	\$ 51,474	\$ 14,574	\$ 97,165

# RESTORE METHOD OF CARE CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ <u>(9,506)</u>	\$ <u>(17,852)</u>
Changes in non-cash working capital balances related to operations:		
Increase in accounts receivable	(728)	70
Decrease (increase) in HST recoverable	(3,459)	1,351
Decrease (increase) in prepaid expenses	(112)	103
Increase in accounts payable	2,189	8,865
Increase (decrease) in government remittances payable	<u>(90)</u>	<u>708</u>
	<u>(2,200)</u>	<u>11,097</u>
Cash flows used in operating activities	<u>(11,706)</u>	<u>(6,755)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	(11,706)	(6,755)
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	<u>109,699</u>	<u>116,454</u>
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	\$ 97,993	\$ 109,699



# **RESTORE METHOD OF CARE CANADA**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

---

### **1. PURPOSE OF THE ORGANIZATION**

Restore Method of Care Canada (Restore) is located in Markham Ontario. Restore believes that no one person is more important than another, and that our primary vocation is to look after each other; especially the poor and the marginalized. At Restore, the purpose is to improve the efficiency of other registered charities, with a specific, but not exclusive, focus on registered charities which advance the Christian faith, by providing expertise and training on charitable programs and access to required resources which will enable them to respond to those in the local community who are in physical, emotional or financial need, all of which is done by the Organization as a practical manifestation of the Christian faith. Restore Method of Care Canada commenced operations as a not-for-profit organization and received Charitable Status on April 4, 2016. Restore is a registered charity under the Income Tax Act and exempt from income taxes under the Income Tax Act of Canada.

---

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations in Part III of the CPA Handbook and include the following significant accounting policies:

#### **Revenue Recognition**

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably determined and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Revenues from fundraising, grants, training fees and miscellaneous revenues are recognized as revenue when received and earned.

Donations are recognized when received.

#### **Contributed Services**

Volunteers contribute many hours per year to assist Restore Method of Care Canada in its operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, bank balances available, if any, after allocation to cheques in transit, and highly liquid investments with an initial term of three months or less.

# RESTORE METHOD OF CARE CANADA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

---

### 2. SIGNIFICANT ACCOUNTING POLICIES cont'd

#### Use of Estimates

The presentation of financial statements requires the management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities to the date of the financial statements and the reported amounts of revenue and expenses for the year then ended. Actual results may differ from those estimates.

#### Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and cash equivalent.

The financial liabilities subsequently measured at amortized cost include accounts payable and accrued charges and taxes withheld.

---

### 3. FOUNDERS ACCOUNT - INTERNALLY RESTRICTED NET ASSETS

In September 2016 the Board of Directors created an internally restricted account called the Founders Account. The purpose of this account is to ensure the organization has adequate capital and financial security to attract the best people and partners and to provide ongoing support for growth initiatives. The Board revised the Founders Account to hold \$35,000 in a savings account and the interest can be used for current operations. These amounts will be maintained in a separate bank account.

During the year, the board transferred amounts totaling \$9,850 (2018 - \$9,720) and allocated \$26,324 (2018 - \$32,196) to the unrestricted net assets.

# **RESTORE METHOD OF CARE CANADA**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

---

### **4. SCMA ACCOUNT - INTERNALLY RESTRICTED NET ASSETS**

In December 2017, the Board of Directors created an internally restricted account called the SCMA Account (Stouffville Church Ministerial Association). The purpose of this account is to ensure that all funds related to SCMA are used by a Restore program in Stouffville. Any residual funds will be transferred to an internally restricted account.

Income generated by fundraising activities, donations and expenses with respect to the work of the Care Coordinator for Restore programs in the Stouffville area are allocated to the SCMA account. SCMA may also request to use funds from this account for the purpose of supporting SCMA churches who have made benevolence disbursements using the Restore Method of Care for the benefit of the Stouffville community.

Effective June 30, 2019 the Board transferred residual funds in the amount of \$6,820 (2018 \$14,574) to the SCMA internally restricted account.

---

### **5. COMMITMENTS**

Restore Method of Care Canada entered into an agreement with an organization to provide a review and update of the training materials. The proposal is in three phases with the initial phase completed in 2018. Phase two and three were completed in August of 2019 and the total costs for the materials were approximately \$23,000. Costs incurred and recorded after the year end totaled \$3,990.

---

### **6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Organization's risk management policy is to reduce volatility in cash flow and earnings. The Board of Directors reviews the organization's risks on a regular basis. It is the Board's opinion that the Organization is not exposed to significant interest rate risk, credit risk or liquidity risk.

# **RESTORE METHOD OF CARE CANADA**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

---

### **7. CAPITAL DISCLOSURES**

The Organization's sole objective when managing capital is to ensure ongoing financial stability that will allow the Organization to continue as a going concern. The Board of Directors developed a capital strategy and oversee management of capital assets. The Organization seeks to maintain financial resources sufficient to withstand negative unexpected events which may have significant financial consequences for the organization's non-profit activities.

The Organization considers its capital to be the balances maintained in its unrestricted and internally restricted net assets.

---