
**RESTORE METHOD OF CARE CANADA
FINANCIAL STATEMENTS**

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Directors
Restore Method of Care Canada
MARKHAM
Ontario

Qualified Opinion

We have audited the accompanying financial statements of Restore Method of Care Canada which comprise the statement of financial position as at June 30, 2020 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2020 and the 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 Qualified 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 the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 qualified opinion.

As is common with many charitable organizations, Restore Method of Care Canada derives part of its revenues in the form of contributions, which are not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to the amounts recorded in the records of Restore Method of Care Canada and we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, assets, and net assets.

Other Matter

The financial statements of Restore Method of Care Canada for the year ended June 30, 2019 were audited by another auditor who expressed a qualified opinion on those statements on September 23, 2019.

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 the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 the entity'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 the entity'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 the entity 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.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

September 9, 2020

RESTORE METHOD OF CARE CANADA

STATEMENT OF FINANCIAL POSITION

As at June 30,

2020

2019

ASSETS

Current

Cash	\$ 20,276	\$ 41,599
Cash - SCMA	28,882	21,394
Cash - Founders account	35,000	35,000
Accounts receivable	1,000	728
HST refundable	673	5,438
Government subsidy receivable (Note 2)	7,042	-
Prepaid expenses	1,174	1,152
	<u>\$ 94,047</u>	<u>\$ 105,311</u>

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 6,047	\$ 15,823
Government remittances payable	1,085	1,829
SCMA account (Note 3)	28,882	21,394
	<u>\$ 36,014</u>	<u>\$ 39,046</u>

NET ASSETS

Unrestricted	\$ 23,033	\$ 31,265
Founders account - internally restricted (Note 4)	35,000	35,000
	<u>\$ 58,033</u>	<u>\$ 66,265</u>
	<u>\$ 94,047</u>	<u>\$ 105,311</u>

Subsequent Event (Note 6)

Approved by the Board:

_____ Director

_____ Director

See accompanying notes

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RESTORE METHOD OF CARE CANADA**STATEMENT OF CHANGES IN NET ASSETS**

For the year ended June 30,

2020

2019

	Unrestricted	Founders (Note 4)	Total	Total
NET ASSETS - Beginning, as restated (Note 7)	\$ 31,265	\$ 35,000	\$ 66,265	\$ 83,710
Excess (deficiency) of revenues over expenses	<u>(8,232)</u>	<u>-</u>	<u>(8,232)</u>	<u>(17,445)</u>
NET ASSETS - Ending	<u>\$ 23,033</u>	<u>\$ 35,000</u>	<u>\$ 58,033</u>	<u>\$ 66,265</u>

See accompanying notes

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RESTORE METHOD OF CARE CANADA

STATEMENT OF OPERATIONS

For the year ended June 30,

2020

2019

REVENUES

Donations	\$ 34,277	\$ 21,622
Grants	23,000	10,000
Church partner fees	13,594	15,288
Fundraising	8,092	39,696
Other income	110	-
Training	100	20,600
	<u>\$ 79,173</u>	<u>\$ 107,206</u>

EXPENSES

Payroll		
Salaries, wages and benefits	\$ 72,323	\$ 69,271
Consulting	6,802	9,168
CEWS subsidy (Note 2)	(12,545)	-
Office and general	6,144	4,950
Training and e-learning development	3,992	19,150
Professional fees	3,697	7,152
Bank charges	2,273	1,275
Telecommunication	1,443	2,138
Fundraising	1,305	7,644
Insurance	1,250	1,162
Travel	721	587
Advertising and promotion	-	2,154
	<u>\$ 87,405</u>	<u>\$ 124,651</u>

DEFICIENCY OF REVENUES OVER EXPENSES

\$ (8,232) \$ (17,445)

See accompanying notes

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RESTORE METHOD OF CARE CANADA

STATEMENT OF CASH FLOWS

For the year ended June 30,

2020

2019

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Deficiency of revenues over expenses \$ (8,232) \$ (17,445)

Net change in non-cash working capital balances:

Accounts receivable (272) (728)

HST refundable 4,765 (3,459)

Government subsidy receivable (7,042) -

Prepaid expenses (22) (112)

Accounts payable and accrued liabilities (9,776) 2,189

Government remittances payable (744) (90)

SCMA account 7,488 7,939

DECREASE IN CASH \$ (13,835) \$ (11,706)

CASH - Beginning 97,993 109,699

CASH - Ending \$ 84,158 \$ 97,993

Cash is allocated as follows:

Unrestricted \$ 20,276 \$ 41,599

SCMA 28,882 21,394

Founders accounts 35,000 35,000

\$ 84,158 \$ 97,993

RESTORE METHOD OF CARE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NATURE OF OPERATIONS

Restore Method of Care Canada ("Restore" or the "Organization") is federally incorporated and received their Charitable Status from the Canada Not-For-Profit Corporations Act on April 4, 2016. The Organization is a registered charity under the Canadian Income Tax Act and is therefore exempt from income taxes. 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. Restore's 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.

1. 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:

a) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the bank.

c) Revenue Recognition

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

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

d) Contributed Services

Volunteers contribute significant hours per year to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

RESTORE METHOD OF CARE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) Financial Instruments

Measurement of Financial Instruments

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

Financial assets measured at amortized cost include cash, accounts receivable and government subsidy receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess or deficiency of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

2. GOVERNMENT SUBSIDY

During the year, the Church recognized \$12,545 of wage subsidy as part of the federal government's COVID-19 relief programs. At the year-end, \$7,042 was receivable from the government.

3. SCMA ACCOUNT

The Stouffville Church Ministerial Association ("SCMA") Account reports funds available to be used by the SCMA at their discretion. The SCMA is an independent unincorporated group of churches in Stouffville that exists to serve the local community.

Revenue 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 Restore Method of Care for the benefit of the Stouffville community.

RESTORE METHOD OF CARE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

4. 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 support for multi-year growth initiatives. The account initially had a 3 year horizon to provide financial confidence to donors and employees as the organization developed their programs, donor programs and partner fee sources. In 2020 the board set a minimum balance for the fund to ensure continuity. All donations in excess of this minimum balance are placed in unrestricted net assets. The minimum balance is set annually at the sole discretion of the board. These amounts will be maintained in a separate bank account.

5. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at June 30, 2020:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization is not exposed to significant credit risk. There has been no change in the assessment of credit risk from the prior year.

b) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Organization manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Organization is not exposed to significant market risk.

RESTORE METHOD OF CARE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

6. SUBSEQUENT EVENT

Subsequent to the year-end, the Organization received a \$40,000 Canada Emergency Business Account ("CEBA") loan as part of the Federal government's response to COVID-19. The loan is non-interest bearing and is due December 31, 2022. If \$30,000 is repaid by the due date, the remaining \$10,000 will be forgiven.

7. PRIOR PERIOD ADJUSTMENT

The following prior period adjustments have been made to the June 30, 2019 figures:

- a) During the year, the Organization changed the way it treated funds related to the SCMA account. SCMA revenues and expenses were previously recognized in the statement of operations. As the Organization does not consider revenues and expenses related to SCMA as their own, the revenues and expenses are not recognized in the statements of operations and the balance related to SCMA is reported as a liability.
- b) The Organization has changed the manner in which they present revenues and expenses related to fundraising done by third parties. Amounts previously shown as gross are now presented as net revenues as the funds are managed by a third party until the net funds are received by the Organization.

June 30, 2019

	Net Assets - Beginning	SCMA Liability	Revenue	Expenses
Balance as previously restated	\$ 97,165	\$ -	\$ 157,066	\$ 166,572
Adjustment (a)	(13,455)	21,394	(33,594)	(25,655)
Adjustment (b)	-	-	(16,266)	(16,266)
Balance as restated	<u>\$ 83,710</u>	<u>\$ 21,394</u>	<u>\$ 107,206</u>	<u>\$ 124,651</u>

8. COMPARATIVE FIGURES

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.