

RAYJON SHARE CARE OF SARNIA INC.

FINANCIAL STATEMENTS

JUNE 30, 2019

**CPA's On George, LLP
Chartered Professional Accountants
194 George Street
Sarnia, Ontario
N7T 4N7**

RAYJON SHARE CARE OF SARNIA INC.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of Rayjon Share Care of Sarnia Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Rayjon Share Care of Sarnia Inc., which comprise of the statement of financial position as of June 30, 2019 and the statements of operations and fund balance, reserve operations and fund balance and cash flows for the period ended June 30, 2019, 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 about 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 misstatements 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many other charitable organizations, the organization derives revenue from donations and fund raising events, the completeness of which is not susceptible to audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, and thus the statement of operations.

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Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue from donations and fund raising events referred to in the above paragraph, the financial statements present fairly, in all material respects, the financial position of Rayjon Share Care of Sarnia Inc. as at June 30, 2019 and the results of its operations and cash flow for the period ended June 30, 2019 in accordance with Canadian accounting standards for not-for-profit organizations.

CPA's On George, LLP

Sarnia, Ontario
October 29, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

RAYJON SHARE CARE OF SARNIA INC.

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (Note 3)	\$ 239,128	\$ 245,217
Investments (Note 4)	4,733	4,909
Sales taxes receivable	<u>5,996</u>	<u>3,062</u>
	249,857	253,188
CAPITAL ASSETS - NET (Note 5)	<u>17,805</u>	<u>23,112</u>
	<u>\$ 267,662</u>	<u>\$ 276,300</u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,506	\$ 3,504
Deferred contributions held for designated projects (Note 6)	<u>53,752</u>	<u>57,159</u>
	<u>57,258</u>	<u>60,663</u>
 <u>FUND BALANCES</u>		
UNRESTRICTED FUND BALANCE	150,404	155,637
INTERNALLY DESIGNATED FUND BALANCE (Note 7)	<u>60,000</u>	<u>60,000</u>
	<u>210,404</u>	<u>215,637</u>
	<u>\$ 267,662</u>	<u>\$ 276,300</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

RAYJON SHARE CARE OF SARNIA INC.

STATEMENT OF OPERATIONS AND FUND BALANCE

YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
REVENUE		
Donations	\$ 271,832	\$ 278,900
Eye Glass program	3,968	17,772
Fundraising events	89,374	69,177
Hope for Haiti program	38,886	15,989
Investment/exchange (loss)/income	<u>66</u>	<u>2,354</u>
	<u>404,126</u>	<u>384,192</u>
OTHER REVENUE		
Awareness Trip Revenue	244,658	232,834
Trip Admin Fee	<u>6,000</u>	<u>7,246</u>
	<u>250,658</u>	<u>240,080</u>
TOTAL REVENUE	<u>654,784</u>	<u>624,272</u>
CANADIAN EXPENDITURES		
Canadian administration	46,469	33,289
Public engagement	<u>3,938</u>	<u>2,155</u>
	<u>50,407</u>	<u>35,444</u>
OUT OF COUNTRY PROJECTS & PROGRAMS		
C-NEW-C project	117,868	102,815
Consuelo project (CCDP Consuelo community development project)	24,000	17,518
Eye Glass program	3,968	17,772
Hope for Haiti program	38,886	15,989
IRCDP project (RSCH)	58,379	78,127
Project support expense	<u>85,597</u>	<u>94,834</u>
	<u>328,698</u>	<u>327,055</u>
OTHER EXPENDITURES		
Awareness trip expenditures	244,505	230,302
Amortization	7,221	4,078
Fundraising events expense	<u>29,187</u>	<u>30,711</u>
	<u>280,913</u>	<u>265,091</u>
TOTAL EXPENDITURES	<u>660,018</u>	<u>627,590</u>
EXCESS OF REVENUE OVER EXPENDITURES	(5,234)	(3,318)
BALANCE, BEGINNING OF YEAR	<u>155,638</u>	<u>158,956</u>
BALANCE, END OF YEAR	<u>\$ 150,404</u>	<u>\$ 155,638</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RAYJON SHARE CARE OF SARNIA INC.

STATEMENT OF RESERVE OPERATIONS AND FUND BALANCE

YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
BALANCE, BEGINNING OF YEAR	<u>(60,000)</u>	<u>(60,000)</u>
BALANCE, END OF YEAR	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RAYJON SHARE CARE OF SARNIA INC.

STATEMENT OF CASH FLOWS

JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ (5,234)	\$ (3,318)
Amorization on capital assets	7,221	4,078
Changes in non-cash working capital balances related to operations		
Accounts receivable	(2,932)	(1,418)
Accounts payable and accrued liabilities	1	-
Funds held for designated projects	<u>(3,407)</u>	<u>(21,922)</u>
	<u>(4,351)</u>	<u>(22,580)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(1,914)</u>	<u>(27,190)</u>
CHANGES IN CASH AND INVESTMENTS	(6,265)	(49,770)
CASH AND INVESTMENTS, beginning of year	<u>250,126</u>	<u>299,896</u>
CASH AND INVESTMENTS, end of year	<u>\$ 243,861</u>	<u>\$ 250,126</u>
Cash and equivalents represented by:		
Cash	\$ 239,128	\$ 245,217
Short term investment	<u>4,733</u>	<u>4,909</u>
	<u>\$ 243,861</u>	<u>\$ 250,126</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RAYJON SHARE CARE OF SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

PURPOSE OF THE ORGANIZATION

The organization, incorporated as a not-for-profit corporation without share capital under the laws of Ontario, is a charitable organization which provides community development support, such as health care and education in Haiti and the Dominican Republic, conducts eyeglass clinics in the Caribbean and Latin America, organizes work groups to participate in work projects in developing countries and to raise awareness of the situation in these countries.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Investments

Stocks and mutual fund investments are recorded at market value.

Capital Assets - Net

Capital assets, including expenditures which improve or prolong the useful lives of the assets, are stated at cost. Amortization is computed on a declining balance at the following rates:

Computers and audio visual	30%	declining balance
Vehicles	30%	declining balance

Donated Materials and Services

A number of unpaid volunteers have made significant contributions of their time in the furtherance of Rayjon Share Care of Sarnia Inc.'s programs. The value of this contributed time is not included in the financial statements.

Revenue Recognition

RAYJON Share Care of Sarnia Inc. 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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

RAYJON SHARE CARE OF SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts 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 current period. Estimates include accrued liabilities. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

2. FINANCIAL INSTRUMENTS

The organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments as follows:

Credit risk exposure

The organization is not exposed to any significant credit risks.

Interest rate risk

The organization is subject to risk of interest rate fluctuations. As a result, the profitability and cash flow of the company are affected by interest rate fluctuations.

Market risk

The organization's investments are subject to the risk of market price changes. As a result, profitability and cash flow of the company are affected by market price fluctuations.

Foreign currency risk

The organization maintains its accounts in Canadian dollars. However transfers to designated projects in foreign countries, previously through MEDA trade company, who sold their rights to INTL FCStone Commodities Global Payments Foreign Exchange Securities and a second company AFEX Global Payment and Risk Management Solutions are in United States dollars and therefore the company is subject to foreign currency fluctuations which may, from time to time, affect its excess (deficiency) of revenue over expenditures and cash flow.

Liquidity risk

The organization's exposure to liquidity risk is dependant on receipt of donations.

RAYJON SHARE CARE OF SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

3. CASH

	<u>2019</u>	<u>2018</u>
Cash is held for the following purposes:		
General operations	\$ 125,376	\$ 128,058
Eye Glass and Hope for Haiti programs	53,752	47,159
Father Tom Lever fund	-	10,000
Internally designated funds	<u>60,000</u>	<u>60,000</u>
	<u>\$ 239,128</u>	<u>\$ 245,217</u>

4. INVESTMENTS

	<u>2019</u> <u>COST</u>	<u>2019</u> <u>MARKET</u> <u>VALUE</u>	<u>2018</u> <u>COST</u>	<u>2018</u> <u>MARKET</u> <u>VALUE</u>
Investments consists of the following:				
Common Shares	\$ -	\$ -	\$ 2,741	\$ 757
Mutual Funds	<u>5,000</u>	<u>4,733</u>	<u>5,000</u>	<u>4,152</u>
	<u>\$ 5,000</u>	<u>\$ 4,733</u>	<u>\$ 7,741</u>	<u>\$ 4,909</u>

5. CAPITAL ASSETS - NET

	<u>Cost</u>	<u>2019</u> <u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>	<u>2018</u> <u>Net Book</u> <u>Value</u>
Computers and audio visual	\$ 3,608	\$ (973)	\$ 2,635	\$ 1,440
Vehicle	<u>25,496</u>	<u>(10,326)</u>	<u>15,170</u>	<u>21,672</u>
	<u>\$ 29,104</u>	<u>\$ (11,299)</u>	<u>\$ 17,805</u>	<u>\$ 23,112</u>

6. DEFERRED CONTRIBUTIONS HELD FOR DESIGNATED PROJECTS

Funding for operating activities:

	<u>2019</u>	<u>2018</u>
HOPE FOR HAITI:		
BALANCE, BEGINNING OF YEAR	\$ 28,932	\$ 28,947
ADD: amounts received in the year	10,905	15,974
ADD: amount transferred from general	27,571	-
LESS: amounts expensed in the year	<u>(38,886)</u>	<u>(15,989)</u>
BALANCE, END OF YEAR	<u>\$ 28,522</u>	<u>\$ 28,932</u>
EYEGLOSS PROGRAM:		
BALANCE, BEGINNING OF YEAR	\$ 18,227	\$ 30,134
ADD: amounts received in the year	10,971	5,865
LESS: amounts expensed in the year	<u>(3,968)</u>	<u>(17,772)</u>
BALANCE, END OF YEAR	<u>\$ 25,230</u>	<u>\$ 18,227</u>
FATHER TOM LEVER FUND:		
BALANCE, BEGINNING OF YEAR	\$ 10,000	\$ 20,000
ADD: amounts received in the year	6,115	-
LESS: amounts transferred to donations	(9,650)	-
LESS: amounts expensed in the year	<u>(6,465)</u>	<u>(10,000)</u>
BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 10,000</u>

RAYJON SHARE CARE OF SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

7. INTERNALLY DESIGNATED FUNDS

Effective June 2014, the Board of Rayjon Share Care Sarnia Inc. created an Emergency Reserve Fund and contributions will be made to the Reserve Fund annually as approved by the Rayjon Board. The intent of the emergency Reserve Fund is to provide long term stability to the organization's finances, to demonstrate confidence to our partners in Haiti and Dominican Republic that we have the capacity to honor all financial commitments made to them and to respond to emergency situations of our partners. Funds may only be spent from this Reserve by resolution of the Board.

8. COMMITMENT

As part of the organization's mandate, trips to Haiti and Dominican Republic are organized and carried out. Each individual pays their costs of such trips and the organization records these amounts as revenue. Expenses associated with the trips are recorded and any excess refunded to the individuals. Timing difference between the recording of the revenue and the incurrence of the expense and refunds to the individuals can cause the revenue not to equal the expense in the fiscal year.

9. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform with the current year's financial statement presentation.