

RAYJON SHARE CARE OF SARNIA INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

**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 Directors Of The Rayjon Share Care of Sarnia Inc.

Qualified Opinion

We have audited the accompanying financial statements of Rayjon Share Care of Sarnia Inc., which comprise of the balance sheet as of June 30, 2021, and the statements of operations, surplus, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rayjon Share Care of Sarnia Inc. as at June 30, 2021, and the results of its operations and its cash flows for the year then ending in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives part of its revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization.

Therefore, we were not able to determine whether any adjustments might be necessary to the current assets reported in the statements of financial position, the donation revenue and excess of revenue over expenses reported in the statements of operations, the operating fund, at the beginning and end of the year, reported in the statements of net assets and the excess of revenue over expenses reported in the statements of cash flows for the years ended June 30, 2020 and June 30, 2021.

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 organization 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 the 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 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.

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INDEPENDENT AUDITOR'S REPORT (Cont'd)

Auditors' 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 it 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 Organization'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 Organization'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 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 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.

Sarnia, Ontario
October 27, 2021

CPA's On George, LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

RAYJON SHARE CARE OF SARNIA INC.

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (Note 3)	\$ 245,846	\$ 230,209
Investments (Note 4)	146,215	85,014
Sales taxes receivable	<u>4,217</u>	<u>206</u>
	396,278	315,429
CAPITAL ASSETS - NET (Note 5)	8,725	12,464
ENDOWMENT FUND (Note 6)	<u>10,000</u>	<u>10,000</u>
	<u>\$ 415,003</u>	<u>\$ 337,893</u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,508	\$ 3,506
Deferred contributions held for designated projects (Note 7)	<u>175,425</u>	<u>95,410</u>
	<u>178,933</u>	<u>98,916</u>
 <u>FUND BALANCES</u>		
UNRESTRICTED FUND BALANCE	156,070	178,361
INTERNALLY DESIGNATED FUND BALANCE (Note 8)	80,000	60,000
ENDOWMENT FUND BALANCE	<u>-</u>	<u>616</u>
	<u>236,070</u>	<u>238,977</u>
	<u>\$ 415,003</u>	<u>\$ 337,893</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, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Donations	\$ 365,837	\$ 306,939
Eye glass program	-	3,814
Fundraising events	53,521	42,629
Hope for Haiti program	13,783	17,205
Investment/exchange (loss)/income	(2,838)	4,618
Capital gain	<u>263</u>	<u>3,447</u>
	<u>430,566</u>	<u>378,652</u>
OTHER REVENUE		
Awareness trip revenue (Note 9)	-	120,967
Trip admin fee	<u>-</u>	<u>1,000</u>
	<u>-</u>	<u>121,967</u>
TOTAL REVENUE	<u>430,566</u>	<u>500,619</u>
CANADIAN EXPENDITURES		
Canadian administration	39,320	40,468
Public engagement	<u>3,458</u>	<u>4,076</u>
	<u>42,778</u>	<u>44,544</u>
OUT OF COUNTRY PROJECTS & PROGRAMS		
C-NEW-C project (Cap Haitian)	123,342	108,034
Scholarship program	14,140	3,700
Consuelo Community Development Project (DR) (Note 9)	35,147	38,818
Eye glass program	-	3,814
Hope for Haiti program	13,783	17,205
Rayjon Share Care Haiti project (St. Marc)	120,331	74,770
Project support expense	<u>54,542</u>	<u>58,594</u>
	<u>361,285</u>	<u>304,935</u>
OTHER EXPENDITURES		
Awareness trip expenditures	-	111,123
Amortization	3,739	5,341
Fundraising events expense	<u>25,671</u>	<u>6,718</u>
	<u>29,410</u>	<u>123,182</u>
TOTAL EXPENDITURES	<u>433,473</u>	<u>472,661</u>
EXCESS OF EXPENDITURES OVER REVENUES/ EXCESS OF REVENUE OVER EXPENDITURES	(2,907)	27,958
TRANSFER TO INTERNALLY DESIGNATED FUNDS	(20,000)	-
TRANSFER FROM ENDOWMENT FUNDS	<u>616</u>	<u>-</u>
EXCESS OF EXPENDITURES OVER REVENUES/EXCESS OF REVENUE OVER EXPENDITURES	(22,291)	27,958
BALANCE, BEGINNING OF YEAR	<u>178,361</u>	<u>150,403</u>
BALANCE, END OF YEAR	<u>\$ 156,070</u>	<u>\$ 178,361</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, 2021

	<u>2021</u>	<u>2020</u>
TRANSFER FROM OPERATING FUNDS	\$ <u>(20,000)</u>	\$ <u>-</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>(20,000)</u>	<u>-</u>
BALANCE, BEGINNING OF YEAR	<u>(60,000)</u>	<u>(60,000)</u>
BALANCE, END OF YEAR	\$ <u>(80,000)</u>	\$ <u>(60,000)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RAYJON SHARE CARE OF SARNIA INC.

STATEMENT OF ENDOWMENT FUND BALANCE

YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>
TRANSFER TO OPERATING FUNDS	\$ <u>(616)</u>	\$ <u>-</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>-</u>	<u>616</u>
BALANCE, BEGINNING OF YEAR	<u>616</u>	<u>-</u>
BALANCE, END OF YEAR	\$ <u>-</u>	\$ <u>616</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RAYJON SHARE CARE OF SARNIA INC.

STATEMENT OF CASH FLOWS

JUNE 30, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess of expenditures over revenues/ Excess of revenue over expenditures	\$ (2,907)	\$ 28,574
Amorization on capital assets	3,739	5,341
Changes in non-cash working capital balances related to operations		
Accounts receivable	(4,011)	5,792
Accounts payable and accrued liabilities	2	(3)
Funds held for designated projects	<u>80,015</u>	<u>41,658</u>
	<u>76,838</u>	<u>81,362</u>
INVESTING ACTIVITIES		
Purchase of endowment fund	<u>-</u>	<u>(10,000)</u>
CHANGES IN CASH AND INVESTMENTS	76,838	71,362
CASH AND INVESTMENTS, beginning of year	<u>315,223</u>	<u>243,861</u>
CASH AND INVESTMENTS, end of year	\$ <u>392,061</u>	\$ <u>315,223</u>
Cash and equivalents represented by:		
Cash	\$ 245,846	\$ 230,209
Short term investment	<u>146,215</u>	<u>85,014</u>
	\$ <u>392,061</u>	\$ <u>315,223</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RAYJON SHARE CARE OF SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021

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, 2021

3. CASH

	<u>2021</u>	<u>2020</u>
Cash is held for the following purposes:		
General operations	\$ 33,421	\$ 74,799
Eye Glass and Hope for Haiti programs	32,270	49,410
Memorial fund	20,000	30,000
Project fund	80,155	16,000
Internally designated funds	<u>80,000</u>	<u>60,000</u>
	<u>\$ 245,846</u>	<u>\$ 230,209</u>

4. INVESTMENTS

	<u>2021</u> <u>COST</u>	<u>2021</u> <u>MARKET</u> <u>VALUE</u>	<u>2020</u> <u>COST</u>	<u>2020</u> <u>MARKET</u> <u>VALUE</u>
Investments consists of the following:				
Mutual Funds	<u>\$ 137,670</u>	<u>\$ 146,215</u>	<u>\$ 79,496</u>	<u>\$ 85,014</u>

5. CAPITAL ASSETS - NET

	<u>Cost</u>	<u>2021</u> <u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>	<u>2020</u> <u>Net Book</u> <u>Value</u>
Computers and audio visual	\$ 3,608	\$ (2,316)	\$ 1,292	\$ 1,845
Vehicle	<u>25,496</u>	<u>(18,063)</u>	<u>7,433</u>	<u>10,619</u>
	<u>\$ 29,104</u>	<u>\$ (20,379)</u>	<u>\$ 8,725</u>	<u>\$ 12,464</u>

6. ENDOWMENT FUND

Rayjon Share Care of Sarnia Inc. established an endowment fund with the Sarnia Community Foundation. This fund began July 16, 2019 for an initial donation of \$10,000. The intent of the fund is to generate a permanent source of income for Rayjon (the Agency) and it is intended that the Sarnia Community Foundation will retain all capital contributions in the endowment of the Fund in perpetuity and invest them in accordance with the SCF investment policy.

RAYJON SHARE CARE OF SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

7. DEFERRED CONTRIBUTIONS HELD FOR DESIGNATED PROJECTS

Funding for operating activities:

	<u>2021</u>	<u>2020</u>
HOPE FOR HAITI:		
BALANCE, BEGINNING OF YEAR	\$ 16,037	\$ 28,522
ADD: amounts received in the year	-	4,720
LESS: amounts expensed in the year	<u>(13,783)</u>	<u>(17,205)</u>
BALANCE, END OF YEAR	<u>\$ 2,254</u>	<u>\$ 16,037</u>
EYEGLOSS PROGRAM:		
BALANCE, BEGINNING OF YEAR	\$ 31,688	\$ 25,230
ADD: amounts received in the year	1,537	10,272
LESS: amounts expensed in the year	<u>(209)</u>	<u>(3,814)</u>
BALANCE, END OF YEAR	<u>\$ 33,016</u>	<u>\$ 31,688</u>
SCHOLARSHIP PROGRAM:		
BALANCE, BEGINNING OF YEAR	\$ 1,685	\$ -
ADD: amounts received in the year	12,455	5,385
LESS: amounts expensed in the year	<u>(14,140)</u>	<u>(3,700)</u>
BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 1,685</u>
MEMORIAL FUND		
BALANCE, BEGINNING OF YEAR	30,000	-
ADD: amounts received in the year	-	30,000
LESS: amounts expensed in the year	<u>(10,000)</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 20,000</u>	<u>\$ 30,000</u>
PROJECT FUND		
BALANCE, BEGINNING OF YEAR	\$ 16,000	\$ -
ADD: amounts received in the year	<u>104,155</u>	<u>16,000</u>
BALANCE, END OF YEAR	<u>\$ 120,155</u>	<u>\$ 16,000</u>

8. 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.

RAYJON SHARE CARE OF SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

9. 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. Previous year trip donations contributed to the transfer made to Consuelo Dominican Republic in the current year.

10. COMPARATIVE FIGURES

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