

Families for Addiction Recovery

Financial Statements

March 31, 2020

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September 15, 2020

Independent Auditors' Report

To the Board of Directors of Families for Addiction Recovery

Qualified Opinion

We have audited the accompanying financial statements of Families for Addiction Recovery, which comprise the balance sheet as at March 31, 2020 and the statements of operations and net assets, and 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Families for Addiction Recovery as at March 31, 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

In common with many charitable organizations, Families for Addiction Recovery derives revenue from public donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the audit. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Families for Addiction Recovery. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donation and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at March 31 for both the 2020 and 2019 year-ends.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Families for Addiction Recovery in accordance with the ethical requirements that are relevant to our audit of 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 qualified opinion.

Other matter

The comparative figures, which are unaudited, were reviewed by us and issued an unqualified Review Engagement Report, dated August 31, 2019.

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 Families for Addiction Recovery'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 Families for Addiction Recovery or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Families for Addiction Recovery's financial reporting process.

Roger Chaplin CPA, CA LPA MA [Oxon] Gail Bergman CPA, CA LPA B Comm

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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 auditors' 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 judgement 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 Families for Addiction Recovery 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 Families for Addiction Recovery ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Families for Addiction Recovery 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.

Chaplin & Co.

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario

Families for Addiction Recovery

Balance Sheet

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	March 31	
	2020	2019
		(unaudited)
Assets		
Current		
Cash	\$ 76,315	\$ 90,519
Guaranteed Investment Certificates, 2.22%, due April 23, 2020 (2019 - 2%, due April 19, 2019)	3,189	3,057
GST/HST recoverable	4,648	676
Prepaid research expenses	-	5,500
Prepaid expenses	229	223
	<u>\$ 84,381</u>	<u>\$ 99,975</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,919	\$ 4,499
Net assets	<u>82,462</u>	<u>95,476</u>
	<u>\$ 84,381</u>	<u>\$ 99,975</u>

See accompanying notes

Approved on behalf of the Board of Directors
of Families for Addiction Recovery:

Peter McCarter, Chairman

Angie Hamilton, Executive Director

Families for Addiction Recovery

Statement of Revenue and Expenses and Net Assets

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		Year ended March 31	
	Note	2020	2019 (unaudited)
Revenue			
Donations			
Corporations		\$ 5,000	\$ 500
Foundations		42,432	10,000
Individuals		28,373	10,427
		<u>75,805</u>	<u>20,927</u>
Gift-in-kind Public Service Announcements	2	333,259	-
Interest income		68	59
		<u>409,132</u>	<u>20,986</u>
Expenses			
Program			
Education and awareness	2	398,482	9,908
Parent to Parent peer support program		7,032	1,405
Research		5,516	329
		<u>411,031</u>	<u>11,642</u>
Non-program			
Administration		5,663	4,672
Professional development		-	1,794
Professional fees		5,452	3,142
		<u>11,115</u>	<u>9,608</u>
Total expenses		<u>422,146</u>	<u>21,250</u>
Excess of expenses over revenue for the year		(13,014)	(264)
Net assets, beginning of year		95,476	95,740
Net assets, end of year		<u>\$ 82,462</u>	<u>\$ 95,476</u>

See accompanying notes

Families for Addiction Recovery

Statement of Cash Flows

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	Year ended March 31	
	2020	2019
		(unaudited)
Cash provided by (used in)		
Operations		
Excess of expenses over revenue for the year	\$ (13,014)	\$ (264)
Change in non-cash working capital		
Accounts receivable	-	200
GST/HST recoverable	(3,972)	4,004
Prepaid research expenses	5,500	-
Prepaid expenses	(6)	1,685
Accounts payable and accrued liabilities	(2,580)	713
	<u>(14,072)</u>	<u>6,338</u>
Net change in cash during year	(14,072)	6,338
Cash and cash equivalents, beginning of year	<u>93,576</u>	<u>87,238</u>
Cash and cash equivalents, end of year	<u>\$ 79,504</u>	<u>\$ 93,576</u>
Represented by:		
Cash	\$ 76,315	\$ 90,519
Guaranteed investment certificates	3,189	3,057
	<u>\$ 79,504</u>	<u>\$ 93,576</u>

See accompanying notes

Families for Addiction Recovery, which was incorporated under Canada Not-for-profit Corporations Act on May 4, 2016, supports families affected by substance use disorder and protects persons, particularly youth, struggling with this disorder.

The Organization is exempt from income taxes as a registered charity under the Income Tax Act.

1. Summary of significant accounting policies

Basis of presentation

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

Financial instruments

The Organization initially measures its financial assets (including cash and accounts receivable) and financial liabilities (including accounts payable and accrued liabilities) at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which include donations and government grants, as follows:

Donations are recorded on a cash collected basis.

Donations in-kind are recorded at estimated fair market value.

Corporate and foundation contributions and government grants ("funding") are recognized as receivable when a written confirmation of the funding is received. Unrestricted fundraising is recorded as revenue when received. Funding related to specified projects is recognized as revenue in the year in which the related expenses are incurred. Funding received that relates to future periods is deferred and recognized as revenue in the period that the expense is incurred.

Board committee members and other members of the public donate their labour in support of the Organization. Measuring the fair value of these donated services is subject to uncertainty and therefore are not recognized in these financial statements.

Use of estimates

The preparation of the Organization's financial statements in accordance with Canadian standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the year. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

2. Donated air-time for Public Service Announcements

During the year, the Organization received donated air-time for Public Service Announcements with a value of \$333,259. The Public Service Announcements aired 1,159 times (2019 - nil) and reached an estimated audience of approximately 4,060,000 viewers (2019 - nil).

A corresponding amount of expenses has been recorded in education and awareness in the Statement of Revenue and Expenses.

3. Financial instruments

Credit risk

Credit risk is the risk that the counterpart to a financial instrument will fail to discharge an obligation that is entered into with the Organization.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

It is management's opinion that the Organization is not exposed to significant risk arising from its financial instruments.