SASKATOON RESTORATIVE ACTION PROGRAM INC.

Financial Statements

For the Year Ended August 31, 2022

Lingard +Dreger

INDEPENDENT AUDITOR'S REPORT

To the Members of Saskatoon Restorative Action Program Inc.

Opinion

We have audited the financial statements of Saskatoon Restorative Action Program Inc. (the Corporation), which comprise the statement of financial position as at August 31, 2022, and the statements of operations, changes in 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for 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 Corporation in accordance with 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

(continues)

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 Corporation'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 Corporation'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 Corporation 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.

Lingard + Dreger

Chartered Professional Accountants

Saskatoon, Saskatchewan
November 15, 2022

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SASKATOON RESTORATIVE ACTION PROGRAM INC.

Statement of Financial Position

As at August 31, 2022

		2022		2021
ASSETS				
CURRENT				
Cash	**$**	**79,323**	$	361,361
Investments *(Note 3)*		**603,787**		100,829
Accounts receivable		**1,830**		122
Prepaid expenses		**3,904**		2,896
	$	**688,844**	$	465,208
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities *(Note 4)*	**$**	**17,942**	$	4,389
Deferred contributions *(Note 5)*		**337,855**		329,067
		355,797		333,456
NET ASSETS				
UNRESTRICTED		**288,369**		87,074
INTERNALLY RESTRICTED *(Note 6)*		**44,678**		44,678
		333,047		131,752
	$	**688,844**	$	465,208

APPROVED ON BEHALF OF THE BOARD

Director

Paul Gauthier

Director

See notes to the financial statements

SASKATOON RESTORATIVE ACTION PROGRAM INC.

Statement of Operations

For the Year Ended August 31, 2022

		2022		2021
REVENUE				
Government of Saskatchewan - Education/Justice	$	246,147	$	164,885
Government of Saskatchewan - Crown Investment Corporation		15,000		-
Government of Saskatchewan - Saskatchewan Government Insurance		15,000		-
Government of Saskatchewan - Sask Energy		15,000		-
Contributions from foundations		201,000		127,000
Saskatoon Public School Division		132,889		164,626
Greater Saskatoon Catholic Schools		121,614		123,469
Saskatoon Police Services		105,000		105,000
Contributions from individuals		63,750		2,878
Contributions from corporations		41,175		7,500
Rotary Clubs of Saskatoon		13,000		8,000
Interest		5,401		1,459
Program sponsors		-		6,259
		974,976		711,076
Contributions in-kind *(Note 7)*		52,500		52,500
		1,027,476		763,576
EXPENSES				
Project co-ordinators - salaries and benefits		509,005		576,191
Management salaries and benefits		139,362		76,219
Fundraising feasibility study		49,620		-
Contracted services		19,856		229
Performance Management System		16,579		30,563
Public and staff relations		8,008		3,716
Professional fees		7,582		6,883
Promotion		6,966		441
Insurance		4,318		4,832
Staff training		4,214		3,040
Stationery, postage and office		4,172		2,480
Student leadership and training		2,858		5,460
Staff supplies and information		1,141		372
		773,681		710,426
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS		253,795		53,150
In-kind *(Note 7)*		52,500		52,500
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	$	201,295	$	650

SASKATOON RESTORATIVE ACTION PROGRAM INC.

Statement of Changes in Net Assets

For the Year Ended August 31, 2022

	Unrestricted	Internally Restricted	**2022**	2021
NET ASSETS - BEGINNING OF YEAR	$ 87,074	$ 44,678	**$ 131,752**	$ 131,102
Excess of revenue over expenses	201,295	-	**201,295**	650
NET ASSETS - END OF YEAR	$ 288,369	$ 44,678	**$ 333,047**	$ 131,752

See notes to the financial statements

SASKATOON RESTORATIVE ACTION PROGRAM INC.

Statement of Cash Flows

For the Year Ended August 31, 2022

		2022		2021
OPERATING ACTIVITIES				
Excess of revenue over expenses for the year	$	**201,295**	$	650
Changes in non-cash working capital:				
Accounts receivable		**(1,708)**		920
Prepaid expenses		**(1,008)**		514
Accounts payable and accrued liabilities		**13,552**		4,388
Deferred contributions		**8,788**		101,153
		19,624		106,975
Cash flow from operating activities		**220,919**		107,625
INVESTING ACTIVITIES				
Purchases of investments		**(1,858,411)**		(100,750)
Reinvested interest		**(4,217)**		(619)
Proceeds on disposal of investments		**1,359,671**		100,750
Cash flow used by investing activities		**(502,957)**		(619)
INCREASE (DECREASE) IN CASH		**(282,038)**		107,006
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		**361,361**		254,355
CASH AND CASH EQUIVALENTS - END OF YEAR	$	**79,323**	$	361,361
CASH AND CASH EQUIVALENTS CONSIST OF:				
Cash	$	**79,323**	$	361,361

1. ORGANIZATION

Saskatoon Restorative Action Program Inc. (the "Corporation") was incorporated under the Saskatchewan *Non-Profit Corporations Act, 1995* on September 21, 2011. The Corporation has been registered as a Canadian Registered Charity by the Charities Directorate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* and include the following significant accounting policies:

Cash and equivalents

Cash and cash equivalents consist of balances with banks and short-term investments with maturities of three months of less.

Revenue recognition

The Corporation 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Intangible assets

The Corporation records as an expense all amounts related to the research and development of internally generated intangible assets.

Income taxes

The Corporation is a non-profit corporation and is a registered charity under the *Income Tax Act*. As such the Corporation is not subject to income tax.

Financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

Financial assets subsequently measured at amortized cost include cash, investments and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. The fair value of the cash, investments, accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

Donated materials and services

The Public and Catholic School Boards pay all of the salaries of the project co-ordinators, and collect from the Corporation the portion which it has agreed to pay. For financial statement purposes, the recognized amounts paid by the school boards are recorded as revenue, and expenses for salaries and benefits at an amount agreed as the value of their contributions.

Materials and services provided by the high schools in relation to the Restorative Action Program (RAP) have been recorded at the values estimated by the high schools. Donations of materials and services by members or others have not been recognized since a fair value cannot be reasonably estimated. There have not been any donations of assets to the Corporation.

3. INVESTMENTS

	Maturity	2022 Market value	Yield	2021 Market value
Short-term				
Affinity Credit Union term deposit	**11 months**	**$ 603,787**	**2.00%**	$ 100,829

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trades payable	**$ 11,076**	$ 657
Source deductions payable	**4,534**	3,732
Vacation payable	**2,332**	-
	$ 17,942	$ 4,389

5. DEFERRED CONTRIBUTIONS

The deferred contributions balance represents funding received for program costs that will be incurred in subsequent fiscal years.

	2022	2021
Deferred contributions, beginning of the year	**$ 329,067**	$ 227,914
Contributions deferred during the year:		
Citrine Foundation	**204,379**	200,000
Ministry of Justice	**81,476**	55,917
Saskatoon Police Services	**42,000**	42,000
Affinity Credit Union	**10,000**	5,000
RBSS sponsorship and ticket sales	**-**	26,150
Less:		
Amounts recognized as grant revenue	**(305,667)**	(227,914)
Amounts recognized as contributions from corporations	**(16,500)**	-
Amounts recognized as contributions from individuals	**(6,900)**	-
Deferred contributions, end of year	**$ 337,855**	$ 329,067

The deferred contributions at year-end relates to the following:

	2022	2021
Citrine Foundation	**$ 204,379**	$ 200,000
Ministry of Justice	**81,476**	55,917
Saskatoon Police Services	**42,000**	42,000
Affinity Credit Union	**10,000**	5,000
RBSS sponsorships and ticket sales	**-**	26,150
	$ 337,855	$ 329,067

6. INTERNALLY RESTRICTED NET ASSETS - RESEARCH FUND

In 2017 the Board designated its excess of revenue over expenses of $57,330 as internally restricted net assets to be used to fund future research expenditures. In prior years, the Board authorized research expenditures totalling $12,652 from the internally restricted net assets. During the year the Board authorized research expenditures of $NIL (2021 - $NIL) to be paid from the internally restricted net assets.

7. CONTRIBUTIONS IN-KIND

	2022	2021
Mount Royal, Bedford Road, E.D. Feehan/Bishop James Mahoney, Bethlehem, Walter Murray, Tommy Douglas and Holy Cross/St. Joseph Collegiates -		
Rent	**$ 21,000**	$ 21,000
Computers, office supplies, and telephone	**17,500**	17,500
Administration	**14,000**	14,000
	$ 52,500	$ 52,500

Contributions in-kind are recorded at fair value for goods or services used in the normal course of operations that would otherwise have been purchased.

8. CAPITAL MANAGEMENT

The Corporation defines its capital as the total of the equity surplus. The Corporation does not have a formal capital management policy. However, management plans for the operations of the Corporation through an annual budgetary process ensuring that adequate capital is maintained. The Corporation has no externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instrument, without being exposed to any significant concentrations of risk. The following analysis provides information about the Corporation's risk exposure and concentration as of August 31, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation manages liquidity risk resulting from accounts payable by holding liquid assets such as cash which can be readily available to repay accounts payable.

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 rate risk, interest rate risk and other price risk. The Corporation is exposed to interest rate risk on its term deposits.

10. CLASSES OF MEMBERSHIP

The Corporation has four classes of membership as follows:

Class A - 3 members

The members of which shall be a Rotary Club that have made a multi-year financial commitment to the Corporation. Each Class A member shall appoint a representative to represent and vote on that member's behalf and shall promptly notify the Corporation of the said representative's identity or any replacement thereof. Through their representatives, Class A members shall be entitled to receive notice of and to attend all meetings of the members of the Corporation and shall be entitled to one vote per member. Each representative of a Class A member shall be elected as a director of the Corporation.

Class B - 3 members

The members of which shall be non-Rotary Club entities, including, without limitation, schools, boards of education, government, community groups or corporations that have partnered with the Corporation to use or implement the programs of the Corporation and that have made a multi-year commitment to the Corporation. Each Class B member shall appoint a representative to represent and vote on that member's behalf and shall promptly notify the Corporation of the said representative's identity or any replacement thereof. Through the representatives, Class B members shall be entitled to receive notice of and attend all meetings of the members of the Corporation and shall be entitled to one vote per member. Each representative of Class B members shall be entitled to be elected as directors of the Corporation.

Class C - 10 members

The members of which shall be individual members of Rotary Clubs that are interested in furthering the objectives of the Corporation. Class C members shall be entitled to receive notice of and attend all meetings of the members of the Corporation and shall be entitled to one vote per member. Class C members shall be entitled to be elected as directors of the Corporation and shall be required to pay a membership fee and annual dues as set from time-to-time by the board.

Class D - 15 members

The members of which shall be organizations, corporate bodies or individuals (who are not Rotary Club members) that are interested in furthering the objectives of the Corporation. Each corporate Class D member shall appoint a representative to represent and vote on that member's behalf and shall promptly notify the Corporation of the said representative's identity or any replacement thereof. Individual Class D members and corporate members through their respective representatives shall be entitled to receive notice of and attend all meeting of the members of the Corporation and shall be entitled to one vote per member. Individual Class D members and corporate member through their respective representatives shall be entitled to be elected as directors of the Corporation and shall be required to pay a membership fee and annual dues set from time-to-time by the board.

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.