SHINE THROUGH THE RAIN FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2020

INDEX

INDEPENDENT AUDITOR'S REPORT

To the Directors
Shine Through the Rain Foundation
NEWMARKET
Ontario

Qualified Opinion
We have audited the accompanying financial statements of Shine Through the Rain Foundation which comprise the statement of financial position as at December 31, 2020 and the statement of operations and 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 December 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
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, the entity derives part of its revenues from the general public 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 the entity and we were not able to determine whether any adjustments might be necessary to contribution revenues, excess of revenues over expenses, assets and net assets.

Material Uncertainty Related to Going Concern
Without modifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that the entity's charitable status under the Income Tax Act of Canada is in question resulting from a Canada Revenue Agency audit. As a result, material uncertainty exists that may cast significant doubt on the entities ability to continue as a going concern.

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.

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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
February 26, 2021

SHINE THROUGH THE RAIN FOUNDATION

STATEMENT OF FINANCIAL POSITION

As at December 31,		**2020**		2019
ASSETS				
Current				
Cash and cash equivalents (Note 2)	**$**	**659,887**	$	388,955
HST refundable		**13,740**		14,724
Inventories		**-**		863
Prepaid expenses		**9,661**		9,661
	$	**683,288**	$	414,203
Capital Assets (Note 3)		**1,249**		2,158
	$	**684,537**	$	416,361
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**29,816**	$	38,845
Government remittances payable		**4,061**		2,951
Deferred revenue (Note 6)		**64,415**		-
	$	**98,292**	$	41,796
NET ASSETS		**586,245**		374,565
	$	**684,537**	$	416,361

Commitments (Note 5)

Approved by the Board:

____________________ Director ____________________ Director

See accompanying notes

SHINE THROUGH THE RAIN FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31,	2020	2019
REVENUES		
Contributions	**$ 983,513**	$ 906,697
Government assistance (Note 4)	**39,692**	13,290
Interest	**444**	1,004
	$ 1,023,649	$ 920,991
EXPENSES		
Fundraising	**$ 370,793**	$ 336,209
Program expenses	**294,749**	289,352
Administrative and occupancy costs	**145,518**	165,025
Amortization	**909**	1,535
	$ 811,969	$ 792,121
EXCESS OF REVENUES OVER EXPENSES	**$ 211,680**	$ 128,870
NET ASSETS - Beginning	**374,565**	245,695
NET ASSETS - Ending	**$ 586,245**	$ 374,565

See accompanying notes

SHINE THROUGH THE RAIN FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended December 31,	2020	2019
CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 211,680	$ 128,870
Items not affecting cash:		
Amortization	909	1,535
	$ 212,589	$ 130,405
Net change in non-cash working capital balances:		
HST refundable	984	5,459
Inventories	863	1,277
Prepaid expenses	-	(2,017)
Accounts payable and accrued liabilities	(9,029)	(18,737)
Government remittances payable	1,110	(890)
Deferred revenue	64,415	-
INCREASE IN CASH AND CASH EQUIVALENTS	$ 270,932	$ 115,497
CASH AND CASH EQUIVALENTS - Beginning	388,955	273,458
CASH AND CASH EQUIVALENTS - Ending	$ 659,887	$ 388,955

See accompanying notes

NATURE OF OPERATIONS

Shine Through the Rain Foundation (the "Organization") was originally incorporated as Cancer Recovery Foundation of Canada under the Canada Corporations Act by supplementary Letters Patent without share capital and received their certificate of continuance under the Canada Not-For-Profit Corporations Act on June 11, 2014. Effective November 7, 2016, the Organization received their certificate of amendment to operate as Shine Through the Rain Foundation. The Organization is a registered charity under the Income Tax Act of Canada and accordingly is exempt from income taxes.

The mission of the Organization is to help those who are affected by life threatening illnesses by providing guidance, support, and financial aid to those in need.

1. **SIGNIFICANT ACCOUNTING POLICIES**

Going Concern

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations on a going concern basis which presumes the realization of assets and the discharge of liabilities in the normal course of operations for the foreseeable future.

These financial statements do not give effect to any adjustments which could be necessary should the Organization be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

As a result of an audit performed by the Canada Revenue Agency (CRA) in February 2016, management was given notice regarding instances of non-compliance with CRA regulations which has resulted in the CRA submitting a letter in February 2017 indicating its intention to revoke the Organization's charitable status. The potential impact of revocation includes, among other things, the inability of the Organization to issue official donation receipts, the transfer of all remaining assets to an eligible donee, and/or the assessment of revocation tax and penalties. Management is actively taking action to resolve the issues identified resulting from the CRA audit and, with the support of legal counsel, is seeking a request of continuance with conditions in their response to the CRA letter of intent.

The Organization's ability to continue operations as a going concern is dependent on a successful response to management's request for continuance by the CRA.

1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

These financial statements have been prepared using 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. Significant estimates include the estimated useful life of capital assets.

b) **Cash and Cash Equivalents**

Cash and cash equivalents consists of cash on hand, cash held in the bank and investments in cashable guaranteed investment certificates.

c) **Inventories**

Inventories are valued at the lower of cost or net replacement cost. Cost is determined on a first-in, first-out basis. Inventories consist primarily of literature and fundraising supplies, and materials.

d) **Capital Assets**

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets using the following annual rates and methods:

	Rate	Method
Furniture and fixtures	20%	declining balance
Computer equipment	30%	declining balance

e) **Revenue Recognition**

The Organization follows the deferral method of accounting for contributions. 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. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Interest revenue is recorded as earned. Government assistance is recognized as revenue when received and the conditions for its use have been met.

1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

f) **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 and cash equivalents. 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.

Impairment
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 (deficiency) revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversals is the same as if there had been no write-down. There are no impairment indicators in the current year.

g) **Allocation of Expenses**

The Organization reports expenses based on various operating functions as disclosed on the statement of operations. Costs for each function include various expenses that are directly attributable to the function. The Organization also incurs certain general support expenses that are common to various functions. The only common expense allocated to various functions is office rent which is allocated as follows:

	Fundraising	Program Expenses	Administrative	Total
2020 Allocation of expenses	16%	60%	24%	
Office rent	$ 6,527	$ 23,625	$ 9,480	$ 39,632
2019 Allocation of expenses	16%	60%	24%	
Office rent	$ 6,179	$ 22,362	$ 8,973	$ 37,514

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2020	2019
Cash	$ 625,657	$ 377,545
Highly liquid GIC's, interest rate of 0.5% maturing between June 2021 and February 2022	34,230	11,410
	$ 659,887	$ 388,955

3. CAPITAL ASSETS

Capital assets consist of the following:

	2020 Cost	2020 Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Furniture and fixtures	$ 17,368	$ 16,677	$ 691	$ 864
Computer equipment	20,605	20,047	558	1,294
	$ 37,973	$ 36,724	$ 1,249	$ 2,158

4. GOVERNMENT ASSISTANCE

Included in government assistance is $16,408 for the Canada Summer Jobs Grants program and $23,284 received as part of the Canada Emergency Wage Subsidy.

5. COMMITMENTS

The Organization has entered into a lease agreement for its office space which expires on October 31, 2027. Future minimum annual rental payments (excluding property taxes, maintenance, and insurance) for each of the next five years and thereafter are as follows:

2021	$ 22,443
2022	22,909
2023	23,002
2024	23,468
2025	23,654
Thereafter	45,073
	$ 160,549

Property taxes, maintenance, and insurance are currently approximately $14,000 per year.

6. DEFERRED REVENUE

Deferred revenue consists of restricted grants received but not yet spent. The amounts will be recognized as revenue when the expenditures are incurred in the next fiscal year.

7. 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 December 31, 2020:

a) **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause 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 flows 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: interest rate risk, currency risk, and price risk. The Organization is mainly exposed to interest rate risk as follows:

i) **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As described in Note 2, the Organization has invested funds in short-term, interest bearing GIC's. Due to the low risk and nature of the investment, the Organization is not exposed to significant interest rate risk.