AARC Adolescent Recovery Centre

(a not-for-profit organization)

Financial Statements

March 31, 2019

[redacted]

Independent Auditor's Report

To the Board of Directors of AARC Adolescent Recovery Centre
(a not-for-profit organization)

Opinion

We have audited the financial statements of AARC Adolescent Recovery Centre (a not-for-profit organization) (the "organization"), which comprise the statement of financial position as at March 31, 2019 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, 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 the organization as at March 31, 2019, and the results of 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 not-for-profit organizations, the Society derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory 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, excess of revenue over expenses, assets and net assets.

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.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw attention to note 2(a) to the financial statements which describes that the organization is dependent upon the continued draws from its investments and support from donors and fundraisers to fund its ongoing costs which may cast a significant doubt on the organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Restatement

We draw attention to note 18 to the financial statements which explains that certain comparative information presented for the year ended March 31, 2018 has been restated. The financial statements for the year ended March 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on July 5, 2018 under the same basis described in the Basis for Qualified Opinion section of this report. Our opinion is not modified in respect of this matter.

[redacted]

[redacted]

As part of our audit of the financial statements for the year ended March 31, 2019, we also audited the adjustment that was applied to restate certain of the comparative information presented as at, and for the year ended March 31, 2018. In our opinion, the adjustment is appropriate and has been properly applied. Other than with respect to the adjustment that was applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the financial statements for the year ended March 31, 2018. Accordingly, we do not express an opinion or any other form of assurance on the financial statements for the year ended March 31, 2018.

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 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.

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 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.

[redacted]

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada
August 13, 2019

AARC Adolescent Recovery Centre
(a not-for-profit organization)

Statement of Financial Position
March 31, 2019

	2019	2018 (restated - note 18)
Assets		
Current assets		
Cash	$ 510,369	$ 243,501
Accounts receivable	151,114	132,980
Prepaid expenses	94,123	109,384
Marketable securities (note 3)	292,000	572,266
	1,047,606	1,058,131
Clinical development fund (note 3)	705,761	705,761
Legal fee fund (note 3)	316,820	731,172
Tangible capital assets (note 4)	4,505,840	4,652,529
Intangible capital asset	100,000	100,000
	$ 6,676,027	$ 7,247,593
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 738,061	$ 537,707
Deferred revenue (note 5)	103,235	140,320
Current portion of retirement benefit obligation (note 6)	131,239	131,437
Current portion of obligations under capital lease	-	1,760
	972,535	811,224
Obligations under capital lease	-	14
Retirement benefit obligation (note 6)	221,613	356,324
Deferred contributions related to capital assets (note 7)	3,766,608	3,931,242
Deferred contributions - clinical development fund (note 8)	705,761	705,761
Deferred contributions - legal fee fund (note 9)	316,820	649,441
	5,983,337	6,454,006
Net Assets		
Invested in capital assets and copyright (note 13)	839,232	819,513
Unrestricted (note 13)	(146,542)	(25,926)
	692,690	793,587
	$ 6,676,027	$ 7,247,593

Contingent liability (note 11)

Approved by the Board,

______________________________, Director

______________________________, Director

AARC Adolescent Recovery Centre

(a not-for-profit organization)

Statement of Operations and Changes in Net Assets

Year Ended March 31, 2019

	2019	2018 *(restated - note 18)*
Revenue		
Fundraising	$ 1,398,994	$ 1,304,849
Donations	975,529	1,281,932
Fees (note 10)	528,616	446,259
Legal fee fund (note 9)	183,293	227,541
Amortization of deferred contributions related to capital assets (note 7)	171,779	178,968
Interest and other (note 17)	300,739	140,036
Donations in-kind (note 14)	33,772	45,323
Community intervention	15,809	7,740
Fundraising in-kind (note 14)	11,923	200,891
Clinical development fund (note 8)	-	611,522
	3,620,454	4,445,061
Expenses		
Clinical	2,097,254	2,265,087
Community relations and fund development	491,398	622,885
Legal and consulting (note 11)	415,954	778,147
Administration	294,673	382,263
Building	233,816	195,425
Amortization	188,061	196,457
In-kind (note 14)	45,695	246,214
	3,766,851	4,686,478
Deficiency of revenue over expenses before the following	(146,397)	(241,417)
Other income (loss)		
Change in fair market value on marketable securities and reinvested investment income (note 12)	44,550	(167,873)
Loss on disposal of capital assets	(1,083)	-
Gain on disposal of marketable securities	2,408	208,645
Foreign exchange gain	4,285	-
	50,160	40,772
Deficiency of revenue over expenses	(96,237)	(200,645)
Net assets, beginning of year		
As previously stated	793,587	1,283,666
Prior period adjustment (note 18)	-	(308,117)
As restated	793,587	975,549
Revaluation of retirement benefit obligation (note 6)	(4,660)	18,683
Net assets, end of year (note 13)	$ 692,690	$ 793,587

AARC Adolescent Recovery Centre

(a not-for-profit organization)

Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
Operating activities		
Fee receipts	$ 493,909	$ 419,904
Donation receipts	1,061,434	1,506,603
Fundraising receipts	1,139,981	2,024,360
Operating payments	(3,296,828)	(4,306,449)
Interest and other receipts	288,146	131,585
Retirement benefit payments	(139,569)	(31,015)
	(452,927)	(255,012)
Financing activities		
Proceeds from restricted government grant (note 7)	1,355	-
Repayments of obligations under capital lease	(1,774)	(1,667)
	(419)	(1,667)
Investing activities		
Acquisition of capital assets	(35,443)	(44,081)
Proceeds on disposal of capital assets	1,488	-
Proceeds on sale of marketable securities	812,408	93,826
Additions to the clinical development fund (note 3)	(70,832)	-
Grant receipts (note 17)	12,593	12,326
	720,214	62,071
Cash inflow (outflow)	266,868	(194,608)
Cash, beginning of year	243,501	438,109
Cash, end of year	$ 510,369	$ 243,501

Non-cash transactions (note 14)

1. Nature of operations

AARC Adolescent Recovery Centre (the "organization") is an organization operating a treatment centre for adolescents suffering from the disease of alcoholism and/or drug addiction and their families. The centre is based on a cost effective, research-based, clinically validated treatment model. The organization also provides current, relevant information and perspectives on adolescent chemical dependency to as many individuals and institutions as possible throughout the community. On October 29, 2018, the organization changed its name from AARC Society (Alberta Adolescent Recovery Centre).

The organization is a registered charitable organization for purposes of the *Income Tax Act* and is exempt from Part I tax under Section 149(1)(f). Accordingly, no provision for income taxes has been made in these financial statements.

2. Accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following accounting policies:

(a) Going concern

The financial statements of the organization have been prepared on the basis that the organization will continue as a going concern, which assumes that the organization will be able to pay its liabilities as they come due. There are conditions that indicate the existence of material uncertainties that cast significant doubt on the organization's ability to continue as a going concern. The organization has experienced deficiencies of revenue over expenses and a significant reduction in net assets over the last five years. While the organization has access to marketable securities, investments and the clinical development fund to continue to support ongoing operations on a current basis, those funds will be reduced substantially if the deficiency of revenue over expenses continue. The Board approved a March 31, 2020 operating budget that reflects the Board's expectation that the organization will receive sufficient revenue to meet or exceed its expenditure forecast and were able to reduce the deficit in the year and did not have to draw on the clinical development fund. The Board continues to engage management, donors, volunteers, alumni parents and graduates to implement the plans required to achieve the outcomes for March 31, 2020.

The organization's ability to continue as a going concern remains dependent upon the continued support from donors and the community. Management is confident that the organization will continue to receive sufficient support to continue as a going concern for the foreseeable future.

(b) Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of their contribution. All capital assets, including donated assets and their related contribution, are amortized using the declining balance method at the following annual rates:

Building	4%
Furniture and fixtures	20%
Office equipment	20 - 30%
Outdoor equipment	20%
Computer equipment	30%
Passenger vehicles	30%

No amortization is taken on land or artwork.

Donations for the acquisition of capital assets that will not be amortized and contributions of capital assets that will not be amortized are recognized as direct increases in net assets invested in capital assets.

Tangible capital assets are evaluated for impairment when conditions indicate its net carrying value may not be recoverable. Any impairment is measured by comparing the net carrying value of the assets to the fair value or replacement cost, based on the present value of future cash flows expected to be generated from the assets.

(c) Intangible capital asset

The intangible capital asset consists of a copyright for the treatment program with an indefinite life and is recorded at cost. The intangible capital asset is evaluated for impairment when conditions indicate its net carrying value may not be recoverable. Any impairment is measured by comparing the net carrying value of the assets to the fair value or replacement cost, based on the present value of future cash flows expected to be generated from the assets.

(d) Retirement benefit obligation

The organization uses an accounting valuation to measure the defined benefit obligation. The defined benefit obligation is determined using the projected benefit method.

(e) Revenue recognition

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

Investment income, including gains and losses on marketable securities is recognized as revenue when collection is reasonably assured.

Other revenue consists of sign rental, lawsuit settlement amounts and other miscellaneous receipts which are recognized as revenue when received or when collection is reasonably assured.

The organization sets fees by assessing each client's financial situation and ability to pay. Fees are recognized as revenue evenly over the treatment period.

(f) Donated materials and services

The organization records donated materials and services only if the fair value can be reasonably estimated.

The organization does not recognize the hours of volunteer services received in the year from individuals.

(g) Financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

The organization 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 and the retirement benefit obligation, which are measured at their estimated fair values. Changes in fair value of investments in equity instruments are recognized in deficiency of revenue over expenses. Remeasurements of the retirement benefit obligation are recognized directly in net assets.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable. The organization's financial assets measured at fair value include marketable securities, the clinical development fund and the legal fund.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The organization's financial liabilities measured at fair value include the retirement benefit obligation.

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in deficiency of revenue over expenses.

(h) Measurement uncertainty

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

The valuation of capital assets and the copyright is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as capital assets. The amounts recorded for amortization of the capital assets are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

The valuation of the retirement benefit obligation is based on management's best estimate of the fair value of the obligation when it becomes due.

The valuation of donated goods and services is based on management's best estimate of the fair value of the goods and services at the time of donation.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

AARC Adolescent Recovery Centre

(a not-for-profit organization)

Notes to Financial Statements

March 31, 2019

3. Marketable securities, clinical development fund and legal fee fund

The organization's securities consist of fixed income and equity pooled funds with a cost of $1,373,927 (2018 - $1,364,533) and cashable fixed interest guaranteed investment certificates in the amount of $NIL (2018 - $675,000). The fair market value of the securities has been allocated to the Legal Fee Fund and the Clinical Development Fund in respect of contributions to that fund, with the remainder allocated to marketable securities, as follows:

	2019	2018
Total fair market value of securities	$ 1,243,749	$ 2,009,199
Add: Restricted cash	70,832	-
Less: Clinical development fund (note 8)	705,761	705,761
Less: Legal fee fund (note 9)	316,820	731,172
Marketable securities	$ 292,000	$ 572,266

The clinical development fund was originally created to assist the organization with the expansion of the facility. Now that the building is complete, the amounts in this fund are restricted for use in subsidizing client treatment fees and funding operations, research, community outreach and education subject to board resolution. As at March 31, 2019, the board has not approved the use of this fund in the current year. The cash and investments within the fund are measured at fair market value. Income earned on these investments and changes in fair market value are unrestricted.

The legal fee fund represents donated shares to fund costs associated with the ongoing legal proceedings with [redacted] (note 11). Although ownership of the shares is with the organization, invoices relating to the litigation must be reviewed and approved by the donor prior to the organization selling the shares to fund these costs. The shares within the fund are measured at fair market value and changes in fair value are restricted.

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Notes to Financial Statements

March 31, 2019

4. Tangible capital assets

	Cost	Accumulated Amortization	Net Book Value 2019	Net Book Value 2018
Land	$ 484,639	$ -	$ 484,639	$ 484,639
Building	6,939,818	3,031,603	3,908,215	4,026,183
Furniture and fixtures	549,946	516,643	33,303	41,628
Office equipment	139,555	131,296	8,259	13,674
Outdoor equipment	275,868	255,775	20,093	25,117
Computer equipment	281,555	262,803	18,752	26,788
Passenger vehicles	105,383	100,904	4,479	6,400
Artwork	28,100	-	28,100	28,100
	$ 8,804,864	$ 4,299,024	$ 4,505,840	$ 4,652,529

5. Deferred revenue

Deferred revenue represents the unspent portion of restricted funding for operating programs as well as fundraising events and other revenues received for the next fiscal year.

	Beginning balance April 30, 2018	Additions	Utilizations	Ending Balance March 31, 2019
Gala event	$ 41,750	$ 32,050	$ 41,750	$ 32,050
Raffle event	23,160	-	23,160	-
4Boys Fund	41,969	1,049	6,613	36,405
Restricted funding for operating programs	33,441	13,000	11,661	34,780
	$ 140,320	$ 46,099	$ 83,184	$ 103,235

6. Retirement benefit obligation

During 2015, an employment agreement was signed with a key employee that requires the organization to provide a retiring allowance upon termination of the agreement. The employment agreement expired on December 31, 2017, and was superseded by the transition agreement, expiring on December 31, 2019. The commitment is equal to 24 months of the salary as at the time of termination, plus 12% of that salary representing a payment in lieu of benefits. Half of the allowance is payable in 24 consecutive monthly instalments during the transition period, beginning on January 1, 2018, and the remaining half will be payable in 12 consecutive monthly instalments commencing January 2020. The retirement benefit obligation arose on execution of the agreement and is not subject to any further requirements of the employee. As a result, the fair value of the obligation was estimated and included in clinical expenses of a prior year and the revaluation of the obligation is included in net assets. The organization will remeasure its accrued retirement benefit obligation as at March 31 of each year based on the expected amount due and discount the amount based on an expected rate of return. The discount rate used in the current period was 2.32% (2018 - 2.2%). Effective January 1, 2018, the balance owed as the retiring allowance is secured by the organization allowing the employee to register a caveat on the title that the organization has to its existing buildings and land.

The changes in the retirement benefit obligation balance for the year are as follows:

	2019	2018
Balance, beginning of year	$ 487,761	$ 537,459
Revaluation of retirement benefit obligation	4,660	(18,683)
Amount paid	(139,569)	(31,015)
Balance, end of year	352,852	487,761
Portion due within one year	131,239	131,437
Long-term retirement benefit obligation	$ 221,613	$ 356,324

7. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of restricted contributions and contributed capital assets received from private and government donors.

The changes in the deferred contributions balance for the year are as follows:

	2019	2018
Balance, beginning of year	$ 3,931,242	$ 4,049,248
Donated capital assets	8,500	60,962
Restricted government grants	(1,355)	-
Amount amortized to revenue	(171,779)	(178,968)
Balance, end of year	$ 3,766,608	$ 3,931,242

8. Deferred contributions - clinical development fund

The clinical development fund consists of marketable securities held with financial institutions (note 3).

The changes in deferred contributions - clinical development fund for the year are as follows:

	2019	2018
Balance, beginning of year	$ 705,761	$ 1,317,283
Amount recognized as revenue in the year	-	(611,522)
Balance, end of year	$ 705,761	$ 705,761

9. Deferred contributions - legal fee fund

The legal fee fund consists of marketable securities held with financial institutions (note 3).

The changes in deferred contributions - legal fee fund for the year are as follows:

	2019	2018
Balance, beginning of year	$ 649,441	$ -
Contributions	-	1,002,000
Amount recognized as revenue in the year	(183,293)	(227,541)
Fair market value adjustment	(149,328)	(125,018)
Balance, end of year	$ 316,820	$ 649,441

The deferred contribution balance has already been adjusted for legal fees that are recorded in accounts payable and accrued liabilities at year-end in the amount of $NIL (2018 - $81,731).

10. Fees

	2019	2018
Clients	$ 516,466	$ 434,559
Assessment fees	12,150	11,700
	$ 528,616	$ 446,259

11. [redacted]

12. Change in unrealized gain on marketable securities and reinvested investment income

	2019	2018
Decrease (increase) in fair market value	$ 19,524	$ (185,966)
Reinvested investment income	28,417	26,556
Broker fees	(3,391)	(8,463)
	$ 44,550	$ (167,873)

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Notes to Financial Statements

March 31, 2019

13. Changes in net assets

	Invested in Capital Assets and Copyright	Internally Restricted Building for Tomorrow	Restricted for Endowment Purposes	Unrestricted	Total
Balance, beginning of year	$ 819,513	$ 29,326	$ 259,566	$ -	$ 1,108,405
As previously stated					
Prior period adjustment	-	(29,326)	(259,566)	(25,926)	(314,818)
As restated	819,513	-	-	(25,926)	793,587
Deficiency of revenue over expenses	(17,364)	-	-	(78,873)	(96,237)
Investment in capital assets and copyright	37,083	-	-	(37,083)	-
Revaluation of retirement benefit obligation	-	-	-	(4,660)	(4,660)
Balance, end of year	$ 839,232	$ -	$ -	$ (146,542)	$ 692,690

14. Non-cash transactions

The statement of cash flows does not include the following in-kind donated materials and services:

	2019	2018
Donations	$ 33,772	$ 45,323
Fundraising	11,923	200,891
	$ 45,695	$ 246,214
Operating payments	$ 45,695	$ 246,214
Computer equipment	$ -	$ 17,837
Building	8,500	43,125
	$ 8,500	$ 60,962

15. Financial instruments

The organization is exposed to the following significant financial risks:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments that potentially subject the organization to a significant concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. The organization mitigates its exposure to credit loss by placing its cash and cash equivalents with major financial institutions.

Accounts receivable has no significant concentration of credit risk with any one party or industry. As such, credit risk of accounts receivable is considered low.

(b) 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. The organization's investments in public company securities expose the organization to price risks as equity investments are subject to price changes in an open market. The organization does not use derivative financial instruments to mitigate the effects of this risk.

(c) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash or credit facilities available to meet operational and financial obligations.

16. Supplementary expense information

The total compensation to organization employees whose principal duties were fundraising amounted to $130,351 (2018 - $135,530).

17. [redacted] and interest and other income

[redacted] holds and administers $323,388 (2018 - $314,818) on behalf of the organization. The principal amount is not available for withdrawal by the organization and, as such, is not included in these financial statements. However, grants from the funds in the amount of $12,593 (2018 - $12,325) have been paid to the organization and are included in investment and other income.

18. Prior period adjustment

Commencing in the year 2000, the organization has had an endowment fund with the [redacted] where the principal amount is not available for withdrawal by the organization. The associated amounts have previously been reported as assets in the statement of financial position of the organization. During 2019, it was determined that the amounts should not have been recorded as assets and the financial statements for the year ended March 31, 2018 have been restated as follows:

	Previously Reported	**Adjustment**	**Restated**
Statement of financial position:			
Total assets	$ 7,562,411	$ (314,818)	$ 7,247,593
Net assets (note 13)	1,108,405	(314,818)	793,587
Statement of operations:			
Revenue	$ 4,439,598	$ 5,463	4,445,061
Expenses	4,690,353	(3,875)	4,686,478
Other income (loss)	56,811	(16,039)	40,772
Excess (deficiency) of revenue over expenses	(193,944)	(6,701)	(200,645)

The correction of the prior period error did not affect the organization's cash flow totals from operating or investing activities.