

URBANPROMISE TORONTO

2018 FINANCIAL STATEMENTS

NETHERCOTT & COMPANY

Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Directors
URBANPROMISE TORONTO

We have audited the accompanying financial statements of URBANPROMISE TORONTO, which comprise the statement of financial position as at October 31, 2018, and the statement of income, expenditure and fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

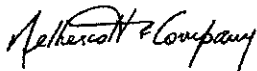
We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives income from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these incomes 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 for recorded donations, the excess of income over expenditure, cash flows from operating activities for the years ended October 31, 2018 and October 31, 2017, current assets as at October 31, 2018 and October 31, 2017, and fund balances as at November 1 and October 31 for both 2018 and 2017. Our audit opinion on the financial statements for the year ended October 31, 2017 was modified accordingly, because of the possible effects of this scope limitation.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of URBANPROMISE TORONTO as at October 31, 2018 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.



Chartered Professional Accountants
Licensed Public Accountants

North York, Ontario
January 14, 2019

**URBANPROMISE TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2018**

	2018				2017
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>CAPITAL</u>	<u>TOTAL</u>	<u>TOTAL</u>
ASSETS					
CURRENT					
Cash	\$ 109,967	\$ 196,722	\$ -	\$ 306,689	\$ 247,638
Accounts receivable	18,438	33,072	-	51,510	79,139
HST recoverable	3,924	-	-	3,924	5,203
	<u>132,329</u>	<u>229,794</u>	<u>-</u>	<u>362,123</u>	<u>331,980</u>
CAPITAL (Note 2)	<u>-</u>	<u>-</u>	<u>211</u>	<u>211</u>	<u>422</u>
	<u>\$ 132,329</u>	<u>\$ 229,794</u>	<u>\$ 211</u>	<u>\$ 362,334</u>	<u>\$ 332,402</u>
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 31,391	\$ -	\$ -	\$ 31,391	\$ 11,118
Payroll taxes withheld and accrued	5,281	-	-	5,281	3,081
	<u>36,672</u>	<u>-</u>	<u>-</u>	<u>36,672</u>	<u>14,199</u>
FUND BALANCES					
Staff deputation funds	-	229,794	-	229,794	155,564
Investment in capital assets	-	-	211	211	422
Unrestricted	95,657	-	-	95,657	162,217
	<u>95,657</u>	<u>229,794</u>	<u>211</u>	<u>325,662</u>	<u>318,203</u>
	<u>\$ 132,329</u>	<u>\$ 229,794</u>	<u>\$ 211</u>	<u>\$ 362,334</u>	<u>\$ 332,402</u>

Approved on behalf of the Board:



Director

Director

**URBANPROMISE TORONTO
STATEMENT OF INCOME, EXPENDITURE AND FUND BALANCES
FOR THE YEAR ENDED OCTOBER 31, 2018**

	2018			2017	
	UNRESTRICTED	RESTRICTED	CAPITAL	TOTAL	TOTAL
INCOME					
Donations	\$ 251,500	\$ 428,452	\$ -	\$ 679,952	\$ 715,964
Fundraising events	28,801	37,422	-	66,223	38,173
Grants	16,636	-	-	16,636	85,814
Interest	1,328	-	-	1,328	118
	<u>298,265</u>	<u>465,874</u>	<u>-</u>	<u>764,139</u>	<u>840,069</u>
EXPENDITURE					
Salaries and benefits	184,826	415,938	-	600,764	521,240
Programs	39,178	-	-	39,178	66,081
Promotion	23,820	-	-	23,820	27,693
Travel	-	-	-	-	961
Rent	43,274	-	-	43,274	39,520
Insurance	15,087	-	-	15,087	14,585
Office supplies	2,371	-	-	2,371	11,647
Telephone	2,804	-	-	2,804	7,783
Bank charges	13,275	-	-	13,275	11,207
Amortization	-	-	211	211	211
Professional fees	8,121	-	-	8,121	7,861
Promotional event	7,775	-	-	7,775	7,179
	<u>340,531</u>	<u>415,938</u>	<u>211</u>	<u>756,680</u>	<u>715,968</u>
EXCESS INCOME (EXPENDITURE) BEFORE TRANSFERS	(42,266)	49,936	(211)	7,459	124,101
Inter-fund transfers	<u>(24,294)</u>	<u>24,294</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE FOR YEAR	(66,560)	74,230	(211)	7,459	124,101
Fund balance, beginning of year	<u>162,217</u>	<u>155,564</u>	<u>422</u>	<u>318,203</u>	<u>194,102</u>
FUND BALANCE, END OF YEAR	<u>\$ 95,657</u>	<u>\$ 229,794</u>	<u>\$ 211</u>	<u>\$ 325,662</u>	<u>\$ 318,203</u>

**URBANPROMISE TORONTO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2018**

	<u>2018</u>	<u>2017</u>
CASH PROVIDED BY (USED FOR)		
Operating activities		
Excess income (expenditure) for year	\$ 7,459	\$ 124,101
Item not affecting cash		
Amortization	<u>211</u>	<u>211</u>
	7,670	124,312
Decrease (increase) in non-cash working capital from the following:		
Accounts receivable	27,629	(14,084)
HST recoverable	1,279	4,770
Prepaid expense	-	-
Accounts payable and accrued expenses	20,273	1,651
Payroll taxes withheld and accrued	<u>2,200</u>	<u>(1,690)</u>
INCREASE IN CASH FOR YEAR	59,051	114,959
Cash, beginning of year	<u>247,638</u>	<u>132,679</u>
CASH, END OF YEAR	<u>\$ 306,689</u>	<u>\$ 247,638</u>

**URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2018**

PURPOSE OF THE ORGANIZATION

UrbanPromise Toronto exists to proclaim the love of Jesus, and to expand it through the spiritual, social, and educational development of children, youth, and families living in government housing communities.

For Canadian income tax purposes, the organization is qualified as a registered charity, which is exempt from income tax under the Income Tax Act and entitled to issue official receipts for contributions received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund Accounting

The organization follows the restricted fund method of accounting for contributions.

The operating fund reports revenue and expenditures related to the operations and administration of the organization.

The restricted fund reports revenue and expenditures related to ministry staff benefits and program activities.

Capital assets

Capital assets are recorded at original cost and are amortized using the straight-line method over their estimated useful lives, as follows:

Computer equipment - over 5 years

Revenue recognition

Contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed Services

The mission of the organization is dependent upon and thankful for the many hours contributed by its members. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the Board's best estimates, as additional information becomes available in the future.

**URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2018**

2 CAPITAL ASSETS

The capital assets are comprised of the following:

	<u>2018</u>			<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ <u>20,813</u>	\$ <u>20,602</u>	\$ <u>211</u>	\$ <u>422</u>

3. FINANCIAL INSTRUMENTS

The Organization measures its financial assets including cash and accounts receivable, and its financial liabilities including accounts payable at fair value upon acquisition. Subsequently they are measured at amortized cost.

4. MANAGEMENT OF RISKS

Exposure and concentration of risks

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentration of risk at October 31, 2018.

(a) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization expects to meet its obligations by managing its working capital and generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the previous year.

(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. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Organization does not have any foreign currencies or investments at this time. Accordingly, the Organization is not exposed to significant market risk.

5. LEASE COMMITMENTS

The organization had entered into a five year lease commitment for the office rental during a prior fiscal year. Remaining payments are as follows:

2019	\$	27,600
2020		<u>25,300</u>
	\$	<u>52,900</u>