
URBANPROMISE TORONTO
FINANCIAL STATEMENTS
OCTOBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
UrbanPromise Toronto
SCARBOROUGH
Ontario

Qualified Opinion

We have audited the accompanying financial statements of UrbanPromise Toronto which comprise the statement of financial position as at October 31, 2019 and the statement of operations and changes in fund balances, 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 October 31, 2019 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, UrbanPromise Toronto derives part of its revenues from the general public in the form of donations, 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 UrbanPromise Toronto and we were not able to determine whether any adjustments might be necessary to revenues and the excess of revenues over expenses for the years ended October 31, 2019 and 2018, assets as at October 31, 2019 and 2018 and net assets as at the beginning and end of the years ended October 31, 2019 and 2018. The audit opinion on the financial statements for the year ended October 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

Other Matter - Comparative Information

The financial statements of In UrbanPromise Toronto for the year ended October 31, 2018 were audited by another auditor who expressed a qualified opinion on those statements on January 14, 2019.

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.

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

January 20, 2020

URBANPROMISE TORONTO
STATEMENT OF FINANCIAL POSITION

As at October 31,

2019

2018

	Operating Fund	Staff Deputation Fund	Total	Total
ASSETS				
Current				
Cash	\$ 86,436	\$ 219,697	\$ 306,133	\$ 306,689
Donations receivable	15,785	56,321	72,106	55,434
HST Refundable	4,686	-	4,686	-
	<u>\$ 106,907</u>	<u>\$ 276,018</u>	<u>\$ 382,925</u>	<u>\$ 362,123</u>
Capital (Note 2)	-	-	-	211
	<u>\$ 106,907</u>	<u>\$ 276,018</u>	<u>\$ 382,925</u>	<u>\$ 362,334</u>

LIABILITIES

Current

Accounts payable and accrued expenses	\$ 25,819	\$ -	\$ 25,819	\$ 26,426
Payroll taxes withheld and accrued	9,526	-	9,526	10,246
	<u>\$ 35,345</u>	<u>\$ -</u>	<u>\$ 35,345</u>	<u>\$ 36,672</u>

FUND BALANCES

Restricted	\$ -	\$ 276,018	\$ 276,018	\$ 229,794
Unrestricted	71,562	-	71,562	95,868
	<u>\$ 71,562</u>	<u>\$ 276,018</u>	<u>\$ 347,580</u>	<u>\$ 325,662</u>
	<u>\$ 106,907</u>	<u>\$ 276,018</u>	<u>\$ 382,925</u>	<u>\$ 362,334</u>

Commitments (Note 5)

Approved by the Board:

_____ Director

_____ Director

URBANPROMISE TORONTO

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended October 31,

2019

2018

	Operating Fund	Staff Deputation Fund	Total	Total
REVENUES				
Donations	\$ 236,366	\$ 399,912	\$ 636,278	\$ 679,952
Grants (Note 3)	100,795	-	100,795	16,636
Fundraising events	21,643	63,402	85,045	66,223
Interest	2,224	-	2,224	1,328
	<u>\$ 361,028</u>	<u>\$ 463,314</u>	<u>\$ 824,342</u>	<u>\$ 764,139</u>
EXPENSES				
Salaries and benefits	\$ 222,276	\$ 426,675	\$ 648,951	\$ 600,765
Rent	46,287	-	46,287	43,272
Programs	42,225	-	42,225	39,178
Promotion	20,053	-	20,053	31,595
Insurance	15,406	-	15,406	15,087
Bank charges	13,543	-	13,543	13,275
Professional fees	9,651	-	9,651	8,121
Office supplies	6,097	-	6,097	5,176
Amortization	211	-	211	211
	<u>\$ 375,749</u>	<u>\$ 426,675</u>	<u>\$ 802,424</u>	<u>\$ 756,680</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (14,721)	\$ 36,639	\$ 21,918	\$ 7,459
Inter-fund transfers (Note 4)	<u>(9,585)</u>	<u>9,585</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE FOR THE YEAR	\$ (24,306)	\$ 46,224	\$ 21,918	\$ 7,459
FUND BALANCE - Beginning	<u>95,868</u>	<u>229,794</u>	<u>325,662</u>	<u>318,203</u>
FUND BALANCE - Ending	<u>\$ 71,562</u>	<u>\$ 276,018</u>	<u>\$ 347,580</u>	<u>\$ 325,662</u>

See accompanying notes

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URBANPROMISE TORONTO

STATEMENT OF CASH FLOWS

For the year ended October 31,

2019

2018

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess of revenues over expenses	\$ 21,918	\$ 7,459
Items not affecting cash:		
Amortization	<u>211</u>	<u>211</u>
	<u>\$ 22,129</u>	<u>\$ 7,670</u>

Net change in non-cash working capital balances:

Donations receivable	\$ (16,672)	\$ 28,908
HST Refundable	(4,686)	-
Accounts payable and accrued expenses	(607)	18,294
Payroll taxes withheld and accrued	<u>(720)</u>	<u>4,179</u>
	<u>\$ (22,685)</u>	<u>\$ 51,381</u>

INCREASE (DECREASE) IN CASH

\$ (556) \$ 59,051

CASH - Beginning

306,689 247,638

CASH - Ending

\$ 306,133 \$ 306,689

URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2019

NATURE OF OPERATIONS

UrbanPromise Toronto (the "Organization") 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. SIGNIFICANT ACCOUNTING POLICIES

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

a) **Fund Accounting**

Resources are classified into funds according to the activities or objectives specified as follows:

The unrestricted **Operating** fund reports revenues and expenses related to the operations and administration of the Organization.

The restricted **Staff Deputation** fund reports revenues and expenses related to ministry staff benefits and program activities.

b) **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 revenue and expenses during the year. Actual results could differ from the estimates used.

Significant estimates include the estimated useful life of capital assets.

c) **Cash and Cash Equivalents**

Cash and cash equivalents consists solely of bank balances.

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:

	<u>Rate</u>	<u>Method</u>
Computer equipment	5 years	straight-line

URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
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1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

e) **Impairment of Capital Assets**

When a capital asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense.

f) **Revenue Recognition**

The Organization follows the restricted fund method of accounting for contributions which includes donations and grants. Externally restricted contributions are recognized as revenue in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenue in the Operating fund. Restricted contributions for which there is no fund are accounted for using the deferral method.

Funds provided by fundraising events are recognized in the appropriate fund as revenue upon the receipt of funds when the events are held.

g) **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.

h) **Financial Instruments**

Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and donations receivable. 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) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
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2. CAPITAL ASSETS

Capital assets consist of the following:

	2019			2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	<u>\$ 20,813</u>	<u>\$ 20,813</u>	<u>\$ -</u>	<u>\$ 211</u>

3. GRANTS

Revenue from grants consists of the following:

	2019	2018
Government assistance (Canada Summer Jobs)	\$ 84,742	\$ -
Other private grants	<u>16,053</u>	<u>16,636</u>
	<u>\$ 100,795</u>	<u>\$ 16,636</u>

4. TRANSFERS

During the year, the Organization transferred \$9,585 (2018 - \$24,294) from the Operating fund to the Staff Deputation fund to cover individuals with deficits.

5. COMMITMENTS

The Organization entered into a lease commitment for the office rental which expires in 2020. Future minimum annual rental payments are as follows:

2020	<u>\$ 25,300</u>
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6. 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 October 31, 2019:

a) **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its donations receivable. The Organization relies on the good faith of its donor base in the realization of the amounts receivable. There were no concentrations of credit risk as at October 31, 2019 and 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 flow 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: currency risk, interest rate risk, and price risk. The Organization is not exposed to significant market risk.