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**URBANPROMISE TORONTO**  
**FINANCIAL STATEMENTS**  
**OCTOBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
UrbanPromise Toronto  
NORTH YORK  
Ontario

### *Qualified Opinion*

We have audited the accompanying financial statements of UrbanPromise Toronto which comprise the statement of financial position as at October 31, 2020 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, 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, UrbanPromise Toronto 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 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, 2020 and 2019, assets as at October 31, 2020 and 2019 and fund balances as at the beginning and end of the years ended October 31, 2020 and 2019. The audit opinion on the financial statements for the year ended October 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

### *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

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

January 25, 2021

**URBANPROMISE TORONTO**  
**STATEMENT OF FINANCIAL POSITION**

As at October 31,

2020

2019

	Operating Fund	Staff Deputation Fund	Total	Total
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 127,740	\$ 334,240	\$ 461,980	\$ 306,133
Contributions receivable	8,738	28,859	37,597	72,106
Grant receivable	33,321	-	33,321	-
Canada Emergency Wage Subsidy receivable	8,036	-	8,036	-
HST recoverable	4,170	-	4,170	4,686
Prepaid expenses	2,420	-	2,420	-
	<u>\$ 184,425</u>	<u>\$ 363,099</u>	<u>\$ 547,524</u>	<u>\$ 382,925</u>

**LIABILITIES**

**Current**

Accounts payable and accrued expenses	\$ 4,703	\$ -	\$ 4,703	\$ 25,819
Payroll taxes withheld and accrued	13,158	-	13,158	9,526
	<u>\$ 17,861</u>	<u>\$ -</u>	<u>\$ 17,861</u>	<u>\$ 35,345</u>

**FUND BALANCES**

Restricted	\$ -	\$ 363,099	\$ 363,099	\$ 276,018
Unrestricted	166,564	-	166,564	71,562
	<u>\$ 166,564</u>	<u>\$ 363,099</u>	<u>\$ 529,663</u>	<u>\$ 347,580</u>
	<u>\$ 184,425</u>	<u>\$ 363,099</u>	<u>\$ 547,524</u>	<u>\$ 382,925</u>

**Commitments (Note 4)**

Approved by the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# URBANPROMISE TORONTO

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended October 31,

2020

2019

	Operating Fund	Staff Deputation Fund	Total	Total
<b>REVENUES</b>				
Contributions	\$ 216,933	\$ 386,754	\$ 603,687	\$ 636,278
Grants (Note 2)	133,110	-	133,110	100,795
Fundraising events	45,604	77,275	122,879	85,045
Canada Emergency Wage Subsidy	4,202	62,643	66,845	-
Interest	1,772	-	1,772	2,224
	<u>\$ 401,621</u>	<u>\$ 526,672</u>	<u>\$ 928,293</u>	<u>\$ 824,342</u>
<b>EXPENSES</b>				
Salaries and benefits	\$ 175,985	\$ 432,503	\$ 608,488	\$ 648,951
Rent	40,295	-	40,295	46,287
Programs	36,475	-	36,475	42,225
Insurance	17,457	-	17,457	15,406
Bank charges	13,132	-	13,132	13,543
Office supplies	10,829	-	10,829	6,097
Professional fees	9,877	-	9,877	9,651
Promotion	9,657	-	9,657	20,053
Amortization	-	-	-	211
	<u>\$ 313,707</u>	<u>\$ 432,503</u>	<u>\$ 746,210</u>	<u>\$ 802,424</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 87,914	\$ 94,169	\$ 182,083	\$ 21,918
Inter-fund transfers (Note 3)	<u>7,088</u>	<u>(7,088)</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE FOR YEAR</b>	\$ 95,002	\$ 87,081	\$ 182,083	\$ 21,918
<b>FUND BALANCE - Beginning</b>	<u>71,562</u>	<u>276,018</u>	<u>347,580</u>	<u>325,662</u>
<b>FUND BALANCE - Ending</b>	<u>\$ 166,564</u>	<u>\$ 363,099</u>	<u>\$ 529,663</u>	<u>\$ 347,580</u>

See accompanying notes

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# URBANPROMISE TORONTO

## STATEMENT OF CASH FLOWS

For the year ended October 31,

2020

2019

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

#### OPERATING ACTIVITIES

Excess of revenues over expenses	\$ 182,083	\$ 21,918
Items not affecting cash:		
Amortization	-	211
	<u>\$ 182,083</u>	<u>\$ 22,129</u>

#### Net change in non-cash working capital balances:

Contributions receivable	\$ 34,509	\$ (20,595)
Grant receivable	(33,321)	-
Canada Emergency Wage Subsidy receivable	(8,036)	-
HST recoverable	516	(762)
Prepaid expenses	(2,420)	-
Accounts payable and accrued expenses	(21,116)	(607)
Payroll taxes withheld and accrued	3,632	(720)
	<u>\$ (26,236)</u>	<u>\$ (22,684)</u>

#### INCREASE (DECREASE) IN CASH

\$ 155,847 \$ (555)

CASH - Beginning

306,133 306,688

CASH - Ending

\$ 461,980 \$ 306,133

See accompanying notes

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# URBANPROMISE TORONTO

## NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2020

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### 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, and is thereby 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

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**URBANPROMISE TORONTO**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2020**

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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, and subsidies. 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, contributions receivable, grant receivable, and Canada Emergency Wage Subsidy 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 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.



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**URBANPROMISE TORONTO**  
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**2. GRANTS**

Revenue from grants consists of the following:

	2020	2019
Private grants	\$ 67,101	\$ 16,053
Government assistance (Canada Summer Jobs)	<u>66,009</u>	<u>84,742</u>
	<u>\$ 133,110</u>	<u>\$ 100,795</u>

**3. TRANSFERS**

During the year, the Organization transferred \$7,088 from the Staff Deputation fund to the Operating fund as a reversal of prior year internal transfers from the Operating fund to the Staff Deputation fund.

**4. COMMITMENTS**

The Organization entered into a lease commitment for the office rental which expires December 2021. Future minimum annual rental payments are as follows:

2021	\$ 30,992
2022	<u>5,221</u>
	<u>\$ 36,213</u>

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**URBANPROMISE TORONTO**  
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**5. 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, 2020:

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 contributions receivable, grants receivable, and Canada Emergency Wage Subsidy 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, 2020 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.