
URBANPROMISE TORONTO
FINANCIAL STATEMENTS
OCTOBER 31, 2023

INDEX

Page	1-2.	Independent Auditor's Report
	3.	Statement of Financial Position
	4.	Statement of Operations and Changes in Fund Balances
	5.	Statement of Cash Flows
	6-9.	Notes to Financial Statements

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, 2023 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, 2023 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

As is common with many charitable organizations, UrbanPromise Toronto derives part of its revenues from the general public in the form of contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of revenue from this source was limited to the amounts recorded in the records of UrbanPromise Toronto. Therefore, we were not able to determine whether any adjustments might be necessary to contributions revenue, the excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended October 31, 2023 and 2022, current assets as at October 31, 2023 and 2022 and fund balances as at the beginning and end of the years ended October 31, 2023 and 2022. Our audit opinion on the financial statements for the year ended October 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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.

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
TBD

URBANPROMISE TORONTO
STATEMENT OF FINANCIAL POSITION

As at October 31,

2023

2022

	Operating Fund	Staff Deputation Fund	Restore Fund	Total	Total
ASSETS					
Current					
Cash and cash equivalents	\$ 309,881	\$ 252,289	\$ 65,602	\$ 627,772	\$ 718,640
Grant receivable	42,411	-	-	42,411	-
HST recoverable	9,151	-	-	9,151	5,588
Prepaid expenses	2,689	-	-	2,689	2,420
	<u>\$ 364,132</u>	<u>\$ 252,289</u>	<u>\$ 65,602</u>	<u>\$ 682,023</u>	<u>\$ 726,648</u>
LIABILITIES					
Current					
Accounts payable and accrued expenses	\$ 29,087	\$ -	\$ -	\$ 29,087	\$ 7,112
Government remittances payable	14,994	-	-	14,994	11,955
	<u>\$ 44,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,081</u>	<u>\$ 19,067</u>
FUND BALANCES					
Restricted	\$ -	\$ 252,289	\$ 65,602	\$ 317,891	\$ 364,396
Unrestricted	320,051	-	-	320,051	343,185
	<u>\$ 320,051</u>	<u>\$ 252,289</u>	<u>\$ 65,602</u>	<u>\$ 637,942</u>	<u>\$ 707,581</u>
	<u>\$ 364,132</u>	<u>\$ 252,289</u>	<u>\$ 65,602</u>	<u>\$ 682,023</u>	<u>\$ 726,648</u>

Commitments (Note 3)

Approved by the Board:

Leis Iulio Director

Walter Edward Jey Director

URBANPROMISE TORONTO

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended October 31,

2023

2022

	Operating Fund	Staff Deputation Fund	Restore Fund	Total	Total
REVENUES					
Contributions	\$ 279,613	\$ 394,844	\$ 13,693	\$ 688,150	\$ 640,552
Fundraising events	105,241	106,923	-	212,164	175,124
Grants (Note 2)	211,297	-	-	211,297	172,647
Interest	16,002	-	-	16,002	4,811
	<u>\$ 612,153</u>	<u>\$ 501,767</u>	<u>\$ 13,693</u>	<u>\$ 1,127,613</u>	<u>\$ 993,134</u>
EXPENSES					
Salaries and benefits	\$ 348,752	\$ 561,965	\$ -	\$ 910,717	\$ 808,765
Programs	164,952	-	-	164,952	83,062
Promotion	33,175	-	-	33,175	13,773
Rent	32,249	-	-	32,249	30,845
Bank charges	20,702	-	-	20,702	20,249
Insurance	17,571	-	-	17,571	16,682
Professional fees	12,913	-	-	12,913	10,432
Office supplies	4,973	-	-	4,973	5,292
	<u>\$ 635,287</u>	<u>\$ 561,965</u>	<u>\$ -</u>	<u>\$ 1,197,252</u>	<u>\$ 989,100</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (23,134)	\$ (60,198)	\$ 13,693	\$ (69,639)	\$ 4,034
FUND BALANCE - Beginning	<u>343,185</u>	<u>312,487</u>	<u>51,909</u>	<u>707,581</u>	<u>703,547</u>
FUND BALANCE - Ending	<u>\$ 320,051</u>	<u>\$ 252,289</u>	<u>\$ 65,602</u>	<u>\$ 637,942</u>	<u>\$ 707,581</u>

See accompanying notes

- 4 -

URBANPROMISE TORONTO**STATEMENT OF CASH FLOWS**

For the year ended October 31,

2023**2022**

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):**OPERATING ACTIVITIES**

Excess (deficiency) of revenues over expenses	\$ (69,639)	\$ 4,034
Net change in non-cash working capital balances:		
Grant receivable	(42,411)	-
HST recoverable	(3,563)	(1,291)
Prepaid expenses	(269)	-
Government assistance receivable	-	13,958
Accounts payable and accrued expenses	21,975	1,109
Government remittances payable	<u>3,039</u>	<u>(4,798)</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS \$ (90,868) \$ 13,012

CASH AND CASH EQUIVALENTS - Beginning 718,640 705,628

CASH AND CASH EQUIVALENTS - Ending \$ 627,772 \$ 718,640

Cash and cash equivalents consists of the following:

Cash held in bank accounts	\$ 158,898	\$ 163,513
Cashable guaranteed investment certificates	<u>468,874</u>	<u>555,127</u>
	<u>\$ 627,772</u>	<u>\$ 718,640</u>

URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023

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.

The restricted **Restore** fund reports revenues and expenses related to supporting future missionaries.

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 revenues and expenses during the year. Actual results could differ from the estimates used.

c) Cash and Cash Equivalents

Cash and cash equivalents consists of bank balances and cashable guaranteed investment certificates.

URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

d) Revenue Recognition

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

Revenue generated through fundraising events are recognized in the appropriate fund upon receipt when the events are held.

Government assistance is recognized as revenue when received or receivable and all conditions as to its use have been met.

Interest is recognized when earned.

e) 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.

f) Financial Instruments

Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, grants receivable, and guaranteed investment certificates. Financial liabilities subsequently 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.

URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023

2. GRANTS

Revenue from grants consists of the following:

	2023	2022
Private grants	\$ 160,501	\$ 50,688
Canada Summer Jobs Grant	<u>50,796</u>	<u>121,959</u>
	<u>\$ 211,297</u>	<u>\$ 172,647</u>

3. COMMITMENTS

The Organization entered into a lease commitment for the office rental which expires May 31, 2026. Future minimum annual rental payments for each of the next three years are as follows:

2024	\$ 15,143
2025	15,583
2026	<u>9,240</u>
	<u>\$ 39,966</u>

4. 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, 2023:

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 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 flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023

4. FINANCIAL INSTRUMENTS - Continued

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 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. The Organization is exposed to interest rate risk with respect to its guaranteed investment certificates. The exposure to this risk fluctuates as the investments and related interest rates change from year to year.