

URBANPROMISE TORONTO

2013 FINANCIAL STATEMENTS

NETHERCOTT & COMPANY

Chartered 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, 2013, and the statement of income, expenditure and fund balance 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

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 contributions the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this income 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 contributions, excess of income over expenditure, current assets and net assets.

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, 2013 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 5 to the financial statements which describes that Urban Promise Toronto adopted Canadian accounting standards for not-for-profit organizations on November 1, 2012 with a transition date of November 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at October 31, 2012 and November 1, 2011, and the statements of income, expenditure and fund balances, and cash flows for the year ended October 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.



Chartered Accountants
Licensed Public Accountants

North York, Ontario
January 10, 2014

**URBANPROMISE TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2013**

	2013		2012		2011
	UNRESTRICTED	RESTRICTED	CAPITAL	TOTAL	(unaudited) TOTAL
ASSETS					
CURRENT					
Cash and bank	\$ 152,052	\$ 159,514	\$ -	\$ 311,566	\$ 262,473
Accounts receivable	31,773	22,621	-	54,394	20,880
HST recoverable	12,794	-	-	12,794	10,281
Prepaid expense	12,399	-	-	12,399	6,901
	209,018	182,135	-	391,153	300,535
CAPITAL (Note 3)					
	-	-	10,267	10,267	11,077
	<u>\$ 209,018</u>	<u>\$ 182,135</u>	<u>\$ 10,267</u>	<u>\$ 401,420</u>	<u>\$ 311,612</u>
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 22,958	\$ -	\$ -	\$ 22,958	\$ 12,281
FUND BALANCE					
Staff deputation funds	-	182,135	-	182,135	145,808
Investment in capital assets	-	-	10,267	10,267	11,077
Unrestricted	186,060	-	-	186,060	142,446
	186,060	182,135	10,267	378,462	299,331
	<u>\$ 209,018</u>	<u>\$ 182,135</u>	<u>\$ 10,267</u>	<u>\$ 401,420</u>	<u>\$ 311,612</u>

Approved on behalf of the Board:

URBANPROMISE TORONTO
STATEMENT OF INCOME, EXPENDITURE AND FUND BALANCE
FOR THE YEAR ENDED OCTOBER 31, 2013

	2013				2012
	UNRESTRICTED	RESTRICTED	CAPITAL	TOTAL	TOTAL
INCOME					
Donations	\$ 546,685	\$ 423,196	\$ -	\$ 969,881	\$ 948,256
Fundraising events	38,254	-	-	38,254	47,210
Grants	175,708	-	-	175,708	172,550
Interest	1,800	-	-	1,800	1,200
	<u>762,447</u>	<u>423,196</u>	<u>-</u>	<u>1,185,643</u>	<u>1,169,216</u>
EXPENDITURE					
Salaries and benefits	348,167	452,151	-	800,318	843,764
Programs	138,092	8,766	-	146,858	169,472
Promotion	49,781	-	-	49,781	20,820
Travel	19,783	-	-	19,783	31,774
Rent	33,386	-	-	33,386	33,155
Insurance	13,553	-	-	13,553	14,430
Office supplies	9,769	-	-	9,769	11,720
Telephone	11,367	-	-	11,367	11,463
Bank charges	11,632	-	-	11,632	12,905
Amortization	-	-	3,952	3,952	2,769
Professional fees	9,755	-	-	9,755	8,776
Promotional event	2,245	-	-	2,245	2,281
	<u>647,530</u>	<u>460,917</u>	<u>3,952</u>	<u>1,112,399</u>	<u>1,163,329</u>
EXCESS INCOME (EXPENDITURE)					
BEFORE TRANSFERS	114,917	(37,721)	(3,952)	73,244	5,887
Inter-fund transfers	<u>(24,733)</u>	<u>18,822</u>	<u>5,911</u>	<u>-</u>	<u>-</u>
EXCESS INCOME					
(EXPENDITURE) FOR YEAR	90,184	(18,899)	1,959	73,244	5,887
Fund balance, beginning of year	<u>95,876</u>	<u>201,034</u>	<u>8,308</u>	<u>305,218</u>	<u>299,331</u>
FUND BALANCE, END OF YEAR	<u>\$ 186,060</u>	<u>\$ 182,135</u>	<u>\$ 10,267</u>	<u>\$ 378,462</u>	<u>\$ 305,218</u>

**URBANPROMISE TORONTO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2013**

	<u>2013</u>	<u>2012</u>
CASH PROVIDED BY (USED IN)		
CASH FLOWS FROM OPERATIONS		
Excess income (expenditure) for year	\$ 73,244	\$ 5,887
Item not affecting cash		
Amortization	<u>3,952</u>	<u>2,769</u>
	77,196	8,656
Changes in non-cash working capital balances:		
Accounts receivable	(11,644)	(21,870)
HST recoverable	(1,490)	(1,023)
Prepaid expense	(7,270)	1,772
Accounts payable and accrued expenses	<u>5,216</u>	<u>5,461</u>
	62,008	(7,004)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	<u>(5,911)</u>	<u>-</u>
DECREASE IN CASH FOR YEAR	56,097	(7,004)
Cash, beginning of year	<u>255,469</u>	<u>262,473</u>
CASH, END OF YEAR	<u>\$ 311,566</u>	<u>\$ 255,469</u>

**URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2013**

1. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook 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

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, 2013**

3. CAPITAL ASSETS

The capital assets are comprised of the following.

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 19,758	\$ 9,491	\$ 10,267	\$ 8,308

4. FINANCIAL INSTRUMENTS

The Board is of the opinion that the organization is not exposed to significant interest rate, currency or credit risks arising from its financial instruments the more significant of which include cash, short-term investments, accounts receivable and accounts payable and accrued expenses. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

5. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

These financial statements are the first financial statements for which the organization applied Canadian accounting standards for not-for-profit organizations. First-time adoption of this new basis of accounting had no impact on the organization's excess of revenues over expenditures for the year ended October 31, 2012 or on fund balances as at November 1, 2011, the date of transition.