

URBANPROMISE TORONTO

2015 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, 2015, 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 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, 2015 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 Accountants
Licensed Public Accountants

North York, Ontario
January 25, 2016

**URBANPROMISE TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2015**

	2015			2014	
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>CAPITAL</u>	<u>TOTAL</u>	<u>TOTAL</u>
ASSETS					
CURRENT					
Cash	\$ 113,424	\$ 76,081	\$ -	\$ 189,505	\$ 279,932
Accounts receivable	47,356	27,291	-	74,647	67,270
HST recoverable	9,701	-	-	9,701	11,266
Prepaid expense	7,374	-	-	7,374	5,112
	<u>177,855</u>	<u>103,372</u>	<u>-</u>	<u>281,227</u>	<u>363,580</u>
CAPITAL (Note 2)	<u>-</u>	<u>-</u>	<u>3,209</u>	<u>3,209</u>	<u>6,316</u>
	<u>\$ 177,855</u>	<u>\$ 103,372</u>	<u>\$ 3,209</u>	<u>\$ 284,436</u>	<u>\$ 369,896</u>
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 24,829	\$ -	\$ -	\$ 24,829	\$ 21,970
FUND BALANCE					
Staff deputation funds	-	103,372	-	103,372	129,891
Investment in capital assets	-	-	3,209	3,209	6,316
Unrestricted	153,026	-	-	153,026	211,719
	<u>153,026</u>	<u>103,372</u>	<u>3,209</u>	<u>259,607</u>	<u>347,926</u>
	<u>\$ 177,855</u>	<u>\$ 103,372</u>	<u>\$ 3,209</u>	<u>\$ 284,436</u>	<u>\$ 369,896</u>

Approved on behalf of the Board:



Director



Director

URBANPROMISE TORONTO
STATEMENT OF INCOME, EXPENDITURE AND FUND BALANCES
FOR THE YEAR ENDED OCTOBER 31, 2015

	2015				2014
	UNRESTRICTED	RESTRICTED	CAPITAL	TOTAL	TOTAL
INCOME					
Donations	\$ 382,107	\$ 443,674	\$ -	\$ 825,781	\$ 898,895
Fundraising events	59,190	-	-	59,190	46,456
Grants	117,963	-	-	117,963	150,574
Interest	1,545	-	-	1,545	2,300
	<u>560,805</u>	<u>443,674</u>	<u>-</u>	<u>1,004,479</u>	<u>1,098,225</u>
EXPENDITURE					
Salaries and benefits	280,096	549,046	-	829,142	807,130
Programs	137,222	919	-	138,141	174,222
Promotion	20,367	-	-	20,367	25,688
Travel	1,091	-	-	1,091	13,591
Rent	36,311	-	-	36,311	34,535
Insurance	14,014	-	-	14,014	13,447
Office supplies	15,834	-	-	15,834	12,248
Telephone	12,455	-	-	12,455	12,290
Bank charges	14,620	-	-	14,620	13,721
Amortization	-	-	4,162	4,162	3,951
Professional fees	5,830	-	-	5,830	13,742
Promotional event	831	-	-	831	4,196
	<u>538,671</u>	<u>549,965</u>	<u>4,162</u>	<u>1,092,798</u>	<u>1,128,761</u>
EXCESS INCOME (EXPENDITURE)					
BEFORE TRANSFERS	22,134	(106,291)	(4,162)	(88,319)	(30,536)
Inter-fund transfers	<u>(80,827)</u>	<u>79,772</u>	<u>1,055</u>	<u>-</u>	<u>-</u>
EXCESS EXPENDITURE					
FOR YEAR	(58,693)	(26,519)	(3,107)	(88,319)	(30,536)
Fund balance, beginning of year	<u>211,719</u>	<u>129,891</u>	<u>6,316</u>	<u>347,926</u>	<u>378,462</u>
FUND BALANCE, END OF YEAR	<u>\$ 153,026</u>	<u>\$ 103,372</u>	<u>\$ 3,209</u>	<u>\$ 259,607</u>	<u>\$ 347,926</u>

**URBANPROMISE TORONTO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2015**

	<u>2015</u>	<u>2014</u>
CASH PROVIDED BY (USED IN)		
CASH FLOWS FROM OPERATIONS		
Excess expenditure for year	\$ (88,319)	\$ (30,536)
Item not affecting cash		
Amortization	<u>4,162</u>	<u>3,951</u>
	(84,157)	(26,585)
Changes in non-cash working capital balances:		
Accounts receivable	(7,377)	(12,876)
HST recoverable	1,565	1,528
Prepaid expense	(2,262)	7,287
Accounts payable and accrued expenses	<u>2,859</u>	<u>(988)</u>
	(89,372)	(31,634)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	<u>(1,055)</u>	<u>-</u>
DECREASE IN CASH FOR YEAR	(90,427)	(31,634)
Cash, beginning of year	<u>279,932</u>	<u>311,566</u>
CASH, END OF YEAR	<u>\$ 189,505</u>	<u>\$ 279,932</u>

**URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2015**

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, 2015**

2 CAPITAL ASSETS

The capital assets are comprised of the following:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 20,813	\$ 17,604	\$ 3,209	\$ 6,316

3. 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, accounts receivable and accounts payable and accrued expenses. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

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, 2015.

(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 could potentially be exposed to market risk on its investments, but this is minimized by its investment policy. Accordingly, the Organization is not exposed to significant market risk.

5. LEASE COMMITMENTS

The organization has a five year lease commitment for the office rental, as follows:

2016	\$ 26,400
2017	26,500
2018	27,600
2019	27,600
2020	25,300
	<u>\$ 133,400</u>