

URBANPROMISE TORONTO

2017 FINANCIAL STATEMENTS

NETHERCOTT & COMPANY
Chartered Professional Accountants

R. Bruce Nethercott
John M. Quigg
Paul W. B. Nethercott

250 Consumers Road, Suite 800
North York, Ontario M2J 4V6
Tel: 416-492-0514
Fax: 416-491-3668

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, 2017, 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, 2017 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 Professional Accountants
Licensed Public Accountants

North York, Ontario
January 22, 2018

**URBANPROMISE TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2017**

	<u>2017</u>				<u>2016</u>
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>CAPITAL</u>	<u>TOTAL</u>	<u>TOTAL</u>
ASSETS					
CURRENT					
Cash	\$ 118,433	\$ 129,205	\$ -	\$ 247,638	\$ 132,679
Accounts receivable	52,780	26,359	-	79,139	65,055
HST recoverable	5,203	-	-	5,203	9,973
	<u>176,416</u>	<u>155,564</u>	<u>-</u>	<u>331,980</u>	<u>207,707</u>
CAPITAL (Note 2)	<u>-</u>	<u>-</u>	<u>422</u>	<u>422</u>	<u>633</u>
	<u>\$ 176,416</u>	<u>\$ 155,564</u>	<u>\$ 422</u>	<u>\$ 332,402</u>	<u>\$ 208,340</u>
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 11,118	\$ -	\$ -	\$ 11,118	\$ 9,467
Payroll taxes withheld and accrued	3,081	-	-	3,081	4,771
	<u>14,199</u>	<u>-</u>	<u>-</u>	<u>14,199</u>	<u>14,238</u>
FUND BALANCE					
Staff deputation funds	-	155,564	-	155,564	112,431
Investment in capital assets	-	-	422	422	633
Unrestricted	162,217	-	-	162,217	81,038
	<u>162,217</u>	<u>155,564</u>	<u>422</u>	<u>318,203</u>	<u>194,102</u>
	<u>\$ 176,416</u>	<u>\$ 155,564</u>	<u>\$ 422</u>	<u>\$ 332,402</u>	<u>\$ 208,340</u>

Approved on behalf of the Board:



Director



Director

URBANPROMISE TORONTO
STATEMENT OF INCOME, EXPENDITURE AND FUND BALANCES
FOR THE YEAR ENDED OCTOBER 31, 2017

	2017				2016
	UNRESTRICTED	RESTRICTED	CAPITAL	TOTAL	TOTAL
INCOME					
Donations	\$ 365,907	\$ 350,057	\$ -	\$ 715,964	\$ 759,026
Fundraising events	10,714	27,459	-	38,173	61,432
Grants	85,814	-	-	85,814	69,431
Interest	118	-	-	118	574
	<u>462,553</u>	<u>377,516</u>	<u>-</u>	<u>840,069</u>	<u>890,463</u>
EXPENDITURE					
Salaries and benefits	193,425	327,815	-	521,240	729,638
Programs	66,081	-	-	66,081	110,077
Promotion	27,693	-	-	27,693	19,444
Travel	961	-	-	961	1,460
Rent	39,520	-	-	39,520	38,162
Insurance	14,585	-	-	14,585	14,118
Office supplies	11,647	-	-	11,647	11,296
Telephone	7,783	-	-	7,783	7,982
Bank charges	11,207	-	-	11,207	10,827
Amortization	-	-	211	211	2,576
Professional fees	7,861	-	-	7,861	10,388
Promotional event	7,179	-	-	7,179	-
	<u>387,942</u>	<u>327,815</u>	<u>211</u>	<u>715,968</u>	<u>955,968</u>
EXCESS INCOME (EXPENDITURE)					
BEFORE TRANSFERS	74,611	49,701	(211)	124,101	(65,505)
Inter-fund transfers	<u>6,568</u>	<u>(6,568)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS INCOME					
(EXPENDITURE) FOR YEAR	81,179	43,133	(211)	124,101	(65,505)
Fund balance, beginning of year	<u>81,038</u>	<u>112,431</u>	<u>633</u>	<u>194,102</u>	<u>259,607</u>
FUND BALANCE, END OF YEAR	<u>\$ 162,217</u>	<u>\$ 155,564</u>	<u>\$ 422</u>	<u>\$ 318,203</u>	<u>\$ 194,102</u>

**URBANPROMISE TORONTO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2017**

	<u>2017</u>	<u>2016</u>
CASH PROVIDED BY (USED FOR)		
Operating activities		
Excess income (expenditure) for year	\$ 124,101	\$ (65,505)
Item not affecting cash		
Amortization	<u>211</u>	<u>2,576</u>
	124,312	(62,929)
Decrease (increase) in non-cash working capital from the following:		
Accounts receivable	(14,084)	9,592
HST recoverable	4,770	(272)
Prepaid expense	-	7,374
Accounts payable and accrued expenses	1,651	(8,108)
Payroll taxes withheld and accrued	<u>(1,690)</u>	<u>(2,483)</u>
INCREASE (DECREASE) IN CASH FOR YEAR	114,959	(56,826)
Cash, beginning of year	<u>132,679</u>	<u>189,505</u>
CASH, END OF YEAR	<u>\$ 247,638</u>	<u>\$ 132,679</u>

**URBANPROMISE TORONTO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2017**

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, 2017**

2 CAPITAL ASSETS

The capital assets are comprised of the following:

	<u>2017</u>			<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 20,813	\$ 20,391	\$ 422	\$ 633

3. FINANCIAL INSTRUMENTS

The Organization measures its financial assets including cash and accounts receivable, and its financial liabilities including accounts payable at fair value upon acquisition. Subsequently they are measured at amortized cost. Changes in value are recognized in the statement of income, expenditure and fund balance.

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, 2017.

(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 does not have any foreign currencies or investments at this time. Accordingly, the Organization is not exposed to significant market risk.

5. LEASE COMMITMENTS

The organization had entered into a five year lease commitment for the office rental during a prior fiscal year. Remaining payments are as follows:

2018	\$ 27,600
2019	27,600
2020	<u>25,300</u>
	<u>\$ 80,500</u>