

Urban Rez Solutions Social Enterprise
Financial Statements
December 31, 2019

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Table of Contents

INDEPENDENT AUDITOR'S REPORT

Statement of Financial Position	1
Statement of Operations and Net Assets.....	2
Statement of Cash Flows	3
Notes to the Financial Statements.....	4



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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of **Urban Rez Solutions Social Enterprise** (“the Organization”)

Opinion

I have audited the financial statements of the Organization, which comprise the statement of financial position as at December 31, 2019 and the statement of operations and net assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion the accompanying financial statements present fairly, in all material respect, the financial position of the Organization as at December 31, 2019 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 Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and the Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

Responsibilities of Management and the Those Charged with Governance for the Financial Statements (continued)

using the going concern basis of accounting unless management either intends to liquidate the Organization or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Organization'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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement principal on the audit resulting in this independent auditor's report is Michael Pinnock.



Michael G. G. Pinnock, FCPA, FCA
Fellow Chartered Professional Accountant
Licensed Public Accountant

Markham, Ontario

November 9, 2020

**Urban Rez Solutions Social Enterprise
 Financial Statements
 December 31, 2019**

Statement of Financial Position

As at December 31, 2019

	2019	2018
	\$	\$
ASSETS:		
CURRENT:		
Cash	685	
Investment	106,702	
Accounts receivable	7,270	
Prepaid insurance	1,151	
Total Assets	115,808	0
LIABILITIES:		
CURRENT:		
Accounts payable and accrued liabilities	21,978	
Deferred revenue	71,667	
Total Liabilities	93,645	0
NET ASSETS:		
Net Assets: Unrestricted	22,163	
Total Net Assets	22,163	0
Total Liabilities and Net Assets	115,808	0

Approved by: _____
 Roderick Brereton, Director

Approved by: _____
 Farley Fridal, Director

The accompanying notes on pages 4 to 7 are an integral part of these financial statements

Urban Rez Solutions Social Enterprise
Financial Statements
December 31, 2019

Statement of Operations and Net Assets

For the year ended December 31, 2019

	2019	2018
	\$	\$
INCOME		
Government grant	143,333	
	143,333	0
EXPENSES		
Advertising and Promotion	52,687	
Bank charges	371	
Insurance	174	
Logistics-software	1,224	
Occupancy	7,127	
Office and general	1,612	
Professional fees	10,796	
Project Management	38,864	
Website development	8,315	
	121,170	0
Surplus of revenue over expenses	22,163	0
Net Assets - Begin of year	0	0
Net Assets - End of year	22,163	0

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Urban Rez Solutions Social Enterprise
Financial Statements
December 31, 2019

Statement of Cash Flows

For the year ended December 31, 2019

	2019	2018
	\$	\$
Operating		
Surplus of revenue over expenses	22,163	
Changes in non-cash working capital components:		
Accounts receivable	(7,270)	
Investment	(106,702)	
Prepaid expenses	(1,151)	
Deferred revenue	71,667	
Accounts payable and accrued liabilities	21,978	
	685	0
Increase in Cash	685	0
Cash, beginning of year	0	
Cash, end of year	685	0
REPRESENTED BY:		
Cash at the bank	685	0
	685	0

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Urban Rez Solutions Social Enterprise
Financial Statements
December 31, 2019

Notes to the Financial Statements

December 31, 2019

1. Purpose of the Organization

Urban Rez Solutions Social Enterprise (“the Organization”) is incorporated under the laws of *Canada Not-For-Profit Corporations Act* (BN 72910 1329 RC0001) on February 6, 2017. The Organization is exempt from paying taxes on its income under the *Income Tax Act (149(1)(l))*

Its object is a national initiative designed to combat anti-Black racism and will promote and celebrate Canadian Black history and/or raise Canadians’ awareness of the effects of anti-Black racism on young people.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements reflect the following significant accounting policies:

a) Basis of Accounting

Revenues and expenditures are recorded on the accrual basis, whereby transactions and events are recognized in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

Going concern

Management has prepared the financial statements on the *Going Concern basis*. The Organization is expected to operate for the foreseeable future. Neither the Management nor the Board of Directors of the Organization has the intention or the need to close or curtail materially the operations of the Organization.

Urban Rez Solutions Social Enterprise
Financial Statements
December 31, 2019

Notes to the Financial Statements

December 31, 2019

2. Summary of Significant Accounting Policies (continued)

a) Basis of Accounting (continued)

Use of estimates

In the process of applying the Organization's accounting policies, management makes various judgements, estimates and assumptions that can significantly affect the amounts it recognises and the related disclosures reported in the financial statements.

These estimates are based on historical experiences and management's best knowledge of current events and actions. Actual results may differ from those estimates and assumptions.

b) Revenue recognition

The Organization follows the deferral method of accounting for contributions, whereby restricted contributions related to expenses of future periods are deferred and recognized as revenue in the related future period that the expenses are incurred. All other contributions are reported as revenue of the current period. The following are the sources of revenues recognized:-

- a. Grants – *Federal government financial assistance for the delivery of the program. Recognized when received or receivable.*
- b. Other – *Miscellaneous inflows and receipts of funds. Recognized when received.*

c) Financial instruments

The Organization's financial instruments are initially recognized at *fair value*, and subsequently carried at amortized cost, net of impairment.

These financial instruments consist of cash, investment, accounts receivable and accounts payable and accrued liabilities.

**Urban Rez Solutions Social Enterprise
Financial Statements
December 31, 2019**

Notes to the Financial Statements

December 31, 2019

2. Summary of Significant Accounting Policies (continued)

d) Allocated expenses

There are no allocated expenses.

3. Financial Instruments and Risk Management

The Organization's financial instruments consist of cash, investment, accounts receivable and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short maturity period.

The significant risk that is relevant to the Organization is Economic Dependence Risk. In common with other publicly funded entities, the Organization derives the majority **100%** (2018 - 0%) of its revenue from the Government of Canada.

4. Government Assistance

The Government of Canada provide a grant to supplement the operating cost of the organization. The amounts are included in income as they become receivable. For 2019, the organization received **\$215,000.00** (2018 - \$Nil).

5. Government Remittances Payable

There were no Government remittances outstanding at the end of the fiscal year.

**Urban Rez Solutions Social Enterprise
Financial Statements
December 31, 2019**

Notes to the Financial Statements

December 31, 2019

6. Related Parties and Related Party Transactions

The Related Parties consist of the two Project Managers who are also the two Directors of the organization.

The following transactions with Related Parties were recorded in the year:

- Project Management fees paid \$38,863.83