

Urban Rez Solutions Social Enterprise Inc.
Financial Statements
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial statements of the Organization, which comprise the statement of financial position as at December 31, 2023, and the statements of operations and net assets and 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, 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 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 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 using the going concern basis of accounting unless management either intends to liquidate the Organization, or has no realistic alternative but to do so.

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

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.
- 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

Innisfil, Ontario

August 5, 2024

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Statement of Financial Position

As at December 31, 2023

	2023	Restated 2022
	\$	\$
ASSETS:		
CURRENT:		
Cash	148,142	120,378
Accounts receivable [Note 7]	360,995	162,261
Prepayments	25,938	2,295
	535,075	284,934
NONCURRENT:		
Capital assets: Net [Note 8]	149,150	72,181
Total Assets	684,225	357,115
LIABILITIES:		
CURRENT:		
Accounts payable and accrued liabilities	153,483	15,132
Total Liabilities	153,483	15,132
NET ASSETS:		
Net Assets: Unrestricted	530,742	347,983
Total Net Assets	530,742	347,983
Total Liabilities and Net Assets	684,225	363,115

Approved by: _____

Roderick Brereton, Director

Approved by: _____

Farley Fridal, Director

The accompanying notes on pages 4 to 8 are an integral part of these financial statements.

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Statement of Operations and Net Assets

For the year ended December 31, 2023

	2023	Restated 2022
	\$	\$
INCOME		
Government grant	1,646,100	601,494
Other		275,303
	1,646,100	876,797
EXPENSES		
Advertising and promotion	75,502	24,127
Consultants	192,710	41,955
Insurance	2,802	2,825
Office and general	200,742	49,730
Program	971,565	700,813
Travel, meals, and accommodation	20,020	2,559
	1,463,341	822,009
Surplus of revenue over expenses	182,759	54,788
Net Assets - Beginning of year	347,983	293,195
Net Assets - End of year	530,742	347,983

The accompanying notes on pages 4 to 8 are an integral part of these financial statements.

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Statement of Cash Flows

For the year ended December 31, 2023

	2023	Restated 2022
	\$	\$
Operating		
Surplus of revenue over expenses	182,759	54,788
Changes in non-cash working capital components:		
Amortization of capital assets	6,249	
Accounts receivable	(198,734)	(135,369)
Investment		100,000
Prepayments	(23,643)	(387)
Accounts payable and accrued liabilities	138,351	(28,373)
	104,982	(9,341)
Investing		
Purchase of Capital Asset	(77,218)	(6,000)
	(77,218)	(6,000)
Increase in Cash	27,764	(15,341)
Cash, beginning of year	120,378	135,719
Cash, end of year	148,142	120,378
REPRESENTED BY:		
Cash at the bank	148,142	120,378
	148,142	120,378

The accompanying notes on pages 4 to 8 are an integral part of these financial statements.

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Notes to the Financial Statements

December 31, 2023

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))*

Urban Rez Solutions Social Enterprise delivers comprehensive conflict management, mental health wellness, community engagement strategies, entrepreneurship training, tools to fight discrimination/racism, and diversity and inclusion training across the Greater Toronto Area. It also facilitates programming with service providers, corporate organizations, community groups, and individuals to bring about various aspects of positive change and pro-social development, education, and widespread community advancement.

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

Except for revenue from donations which is recorded on a cash basis, with no accrual being made for amounts pledged but not received, 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.

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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 – *All levels of 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, accounts receivable and accounts payable and accrued liabilities.

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2. Summary of Significant Accounting Policies (continued)

d) Related party

Related party consist of the following:

- a) An individual who directly, or indirectly through one or more intermediaries, controls the organization.
- b) Management: any person(s) having authority and responsibility for planning, directing, and controlling the activities of the organization (management includes the directors, officers and other persons fulfilling a senior management function)
- c) An individual having an ownership interest in the organization that results in significant influence or joint control.
- d) Members of the immediate family of individuals described in (a) and (c) (Immediate family comprises an individual's spouse and those dependent on either the individual or the individual's spouse.)

e) Donated services and goods

The Organization benefits from volunteer services. Since these services are not normally purchased by the organization and because of the difficulties of determining their fair value, donated services are not recognized in these financial statements.

Donated goods are not recorded in the books unless they would normally be purchased.

f) Allocated expenses

There are no allocated expenses.

3. Financial Instruments and Risk Management

The Organization's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The organization is exposed to *credit* and *liquidity risks on its accounts receivable and payable, but no market risks*. The HST rebate may lapsed and becomes uncollectible, while low cash balance may affect its ability to satisfy its liabilities on a timely basis.

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3. Financial Instruments and Risk Management (continued)

The other 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%** (2022 - 69%) of its revenue from the Government of Canada and the City of Toronto.

4. Government Assistance

The Government of Canada and the City of Toronto provided grants to supplement the operating cost of the organization. The amounts are included in income as they become receivable. For 2023, the organization received **\$1,646,100** (2022 - \$601,494).

5. Government Remittances Payable

Government remittances outstanding at the end of the fiscal year **\$15,562** (2022 - \$Nil).

6. Related Parties and Related Party Transactions

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

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

- Project Consultants fees paid **\$463,380.11** (2022- \$429,941.40)

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7. Accounts Receivable

	<u>2023</u>	<u>2022</u>
	\$	\$
Operations	120,349	
HST rebate	240,646	162,261
	<u>360,995</u>	<u>162,261</u>

8. Capital Assets

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net Book value</u>	<u>Net Book value</u>
Mobile Community Unit	92,911	0	92,911	78,181
Truck	62,487	6,249	56,238	0
	<u>155,398</u>	<u>6,249</u>	<u>149,150</u>	<u>78,181</u>

The Mobile Community Unit is still under renovation and retrofit and is considered *work-in-progress*, depreciation expense will be applied when it is completed and commissioned.

9. Restatement

In 2022, revenue was overstated by \$71,301.12, this affected the cash and net assets balances by the same amount respectively. This situation was corrected in 2023 and the 2022 financials restated to reflect same.