

**INNER CITY OUTREACH**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

## CONTENTS

- 1-2. Independent auditor's report
- 3. Balance sheet
- 4. Statement of revenue, expenses and net assets
- 5. Statement of cash flows
- 6-7. Notes to financial statements



**INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
Inner City Outreach**

***Report on the Financial Statements***

I have audited the accompanying financial statements of Inner City Outreach, which comprise the balance sheet as at December 31, 2013 and the statements of revenue, expenses and net assets and cash flow for the year ended December 31, 2013 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***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 entity'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 entity'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.

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

***Basis for Qualified Opinion***

In common with many charitable organizations, the corporation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly my verification of this income was limited to the amounts recorded in the records and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

***Qualified Opinion***

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Inner City Outreach as at December 31, 2013 and its results of operations and its cash flows for the year ended December 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

The comparative figures have not been audited or reviewed and are shown for comparative purposes only.



**Chartered Accountant, Licensed Public Accountant  
Toronto, Ontario  
April 6, 2014**

INNER CITY OUTREACH  
BALANCE SHEET  
December 31, 2013

	Unaudited	
Dec 31, 2013	Dec 31, 2012	Dec 1, 2012
\$	\$	\$

ASSETS

Current	-	2,151	1,147
Cash			
Accounts receivable	1,301	1,776	1,381
Prepaid expenses	-	-	706
	<u>1,301</u>	<u>3,927</u>	<u>3,234</u>

LIABILITIES AND NET ASSETS

Current			
Bank indebtedness	59	-	-
Accounts payable and accrued liabilities	<u>6,593</u>	<u>803</u>	<u>5,055</u>
	6,652	803	5,055
Net assets	<u>(5,351)</u>	<u>3,124</u>	<u>(1,821)</u>
	<u>1,301</u>	<u>3,927</u>	<u>3,234</u>

See accompanying notes

ON BEHALF OF THE BOARD:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

INNER CITY OUTREACH  
STATEMENT OF REVENUE, EXPENSES AND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>Unaudited 2012</u>
	\$	\$
<b>Revenue</b>		
Donations	74,209	75,521
Grants	-	4,954
Fundraising	11,430	6,725
Mentoring program	2,655	2,760
Homework program	2,565	2,670
Other	-	349
	<u>90,859</u>	<u>92,979</u>
<b>Expenses</b>		
Outreach	4,009	5,939
Fundraising	3,358	2,476
Salaries and benefits	78,884	74,557
Professional fees	4,500	504
Administration and operating	8,583	4,558
	<u>99,334</u>	<u>88,034</u>
Excess (deficiency) of revenue over expenses	(8,475)	4,945
Net assets, beginning of year	3,124	(1,821)
Net assets, end of year	(5,351)	3,124

INNER CITY OUTREACH  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	Unaudited 2012
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	(8,475)	4,945
Change in non-cash working capital items		
Accounts receivable	475	(395)
Prepaid expenses	-	706
Accounts payable	5,790	(4,252)
Change in cash	(2,210)	1,004
Cash		
Beginning of year	2,151	1,147
End of year	(59)	2,151

INNER CITY OUTREACH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

1. Purpose of organization

Inner City outreach, is incorporated under the laws of Ontario as a not-for-profit corporation and is classified by Canada Revenue Agency as a charitable organization and as such is exempt from Federal and provincial income taxes provided certain requirements of the Income Tax Act(Canada) are met.

2. Impact of the change in the basis of accounting

These financial statements are the first financial statements for which the corporation applied Canadian accounting standards for not-for-profit organizations. First-time adoption of this new basis of accounting had no impact on the corporation's excess of revenue over expenses for the year ended December 31, 2012 or on net assets at January 1, 2012, the date of transition.

3. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Use of estimates

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Revenue recognition

The corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expense is incurred. Unrestricted contributions are recognized as revenue when received.

Donated services

Volunteers contribute many hours each year to assist the corporation in carrying out its charitable activities. These donated contributed services are not recognized in the financial statements.



INNER CITY OUTREACH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

3. Summary of significant accounting policies, continued

Financial instruments

The corporation initially measures its financial instruments at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The corporation subsequently measures all its financial instruments at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of revenue and expenses.

Financial instruments measured at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities.

4. Objectives, policies and processes for managing capital

The Corporation's objective is to maintain sufficient funds to meet both the annual working capital requirements.