

**UforChange Movement**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

### To the board of directors of UforChange Movement

We have audited the accompanying financial statements of **UforChange Movement**, which comprise the statement of financial position as at **MARCH 31, 2017** and the statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 the 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 statements based on our audit. Except as explained in the following paragraph, 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 assessments, the auditor considers internal controls 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

In common with many not for profit organizations, the organization derives certain of its non-grant revenues, the completeness of which are not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues 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 revenues, excess of revenues over expenses, 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, the financial statements present fairly, in all material respects, the financial position of UforChange Movement as at **March 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.

**Toronto, Ontario**  
August 14, 2017

LICENSED PUBLIC ACCOUNTANTS

UforChange Movement  
**STATEMENT OF FINANCIAL POSITION**  
AS AT MARCH 31, 2017

	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash - Note 10	\$ 75,041	\$ 64,652
Inventory	-	360
Accounts Receivable	4,650	5,089
HST Recoverable	15,382	14,994
Prepaid expenses	6,289	6,859
	<b>101,362</b>	<b>91,953</b>
<b>Capital Assets - Note 3</b>	<b>70,579</b>	<b>74,253</b>
<b>Total Assets</b>	<b>\$ 171,941</b>	<b>\$ 166,206</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities - Note 8	\$ 11,906	\$ 13,245
Deferred Contributions - Note 11	104,796	86,982
<b>Total Liabilities</b>	<b>\$ 116,702</b>	<b>\$ 100,227</b>
<b>NET ASSETS</b>		
Unrestricted net assets	\$ 48,599	\$ 37,340
Restricted net assets - Note 12	6,640	28,640
<b>Total Net Assets</b>	<b>\$ 55,239</b>	<b>\$ 65,980</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 171,941</b>	<b>\$ 166,206</b>

Approved on behalf of the Board of Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See accompanying notes

UforChange Movement  
**STATEMENT OF OPERATIONS**  
 FOR THE YEAR ENDED MARCH 31, 2017

	2017		2016
<b>REVENUES - Schedule A</b>			
Program Donations (Government Funding, Fees for Services and Foundations)	\$ 418,564	\$	372,959
General fund and other income	26,067		66,047
	<b>\$ 444,631</b>	\$	<b>439,006</b>
<b>EXPENSES - Schedule B</b>			
Programs	\$ 385,032	\$	384,421
Management and administration	58,157		47,507
Amortization	12,184		13,130
	<b>\$ 455,373</b>	\$	<b>445,058</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>\$ (10,741)</b>	\$	<b>(6,051)</b>

See accompanying notes

UforChange Movement  
**STATEMENT OF CHANGES IN NET ASSETS**  
 FOR THE YEAR ENDED MARCH 31, 2017

**2017**

	Unrestricted Net Assets	Reserve Fund	Total
<b>Balance, beginning of year</b>	<b>\$ 37,340</b>	<b>\$ 28,640</b>	<b>\$ 65,980</b>
Excess (deficiency) of revenues over expenses	(10,741)		
Reallocation to (from) reserve fund	22,000	(22,000)	
<b>Balance, end of year</b>	<b>\$ 48,599</b>	<b>\$ 6,640</b>	<b>\$ 55,239</b>

**2016**

	Unrestricted Net Assets	Reserve Fund	Total
<b>Balance, beginning of year</b>	<b>\$ 67,391</b>	<b>\$ 4,640</b>	<b>\$ 72,031</b>
Excess (deficiency) of revenues over expenses	(6,051)	-	
Reallocation to (from) reserve fund	(24,000)	24,000	
<b>Balance, end of year</b>	<b>\$ 37,340</b>	<b>\$ 28,640</b>	<b>\$ 65,980</b>

See accompanying notes

UforChange Movement  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
<b>CASH FROM OPERATING ACTIVITIES</b>		
Excess of (expenses over revenue) revenue over expenses	(10,741) \$	(6,051)
Amortization of Capital Assets	12,184	13,130
	<u>1,443</u>	<u>7,079</u>
Changes in non-cash working capital balances related to operations		
Accounts receivable	439	12,241
Inventory	360	(360)
Prepaid Expenses	570	5,130
HST Recoverable	(388)	(6,053)
Accounts payable and accrued liabilities	(1,337)	(6,181)
Deferred Contributions	17,814	12,237
	<u>17,458</u>	<u>17,014</u>
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>18,901</b>	<b>24,093</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Capital Assets	<u>(8,511)</u>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>10,390</b>	<b>24,093</b>
Cash, beginning of year	<b>64,652</b>	<b>40,560</b>
Cash, end of year	<u><b>75,041</b></u> \$	<u><b>64,652</b></u>

See accompanying notes

## 1. DESCRIPTION OF THE ORGANIZATION

UforChange Movement (the "Organization") is a not-for-profit charitable organization incorporated without share capital that is committed to providing low-income Canadian youth and new immigrant youth, in selected communities, with arts-based, experimental and intercultural educational programs to assist in their pursuit of post-secondary education and opportunities to access the workforce through educational and mentorship programs.

The Organization is a charitable organization registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a charitable organization registered under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### Revenue Recognition

The organization follows the restricted fund method of accounting for contributions. Restricted contributions (grants) are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

### Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities 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 organization subsequently measures all its financial assets and financial liabilities 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 statements of operations in the period incurred.

Financial assets measured at amortized cost include cash and accounts receivable .

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments in bank account and GIC's.

### Capital Assets

Equipment is recorded at cost. Contributed Equipment is capitalized a fair value at the date of contribution. Equipment is amortized over their useful lives using the straight-line method as follows:

Computer hardware and software	3 years
Furniture and Equipment	5 years
Leasehold Improvements	10 years

### Use of Estimates

The preparation of financial statements in conformity with accounting standards for not-for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Major estimates relate to revenue recognition, accrued liabilities and the estimated useful lives of capital assets.

### Donated Property and Services

During the year, voluntary services were provided. Because these services are not normally purchased by the organization and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

UforChange Movement  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Cont'd**

**Impairment of long lived assets**

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability is assessed based on the carrying amount of a long-lived asset compared to the sum of the future undiscounted cash flows expected to result from the use and the eventual disposal of the asset. An impairment loss is recognized when the value carrying amount is not recoverable and exceeds fair value.

**3. CAPITAL ASSETS**

	Cost	2017 Accumulated Amortization	Net	Cost	2015 Accumulated Amortization
Computer Hardware and Software	\$ 41,243	\$ 41,243	\$ -	\$ 41,243	\$ 41,243
Furniture and Equipment	57,380	47,361	10,019	52,299	43,260
Leasehold Improvements	81,686	21,126	60,560	78,256	13,043
	<u>\$ 180,309</u>			<u>\$ 171,798</u>	<u>\$ 97,546</u>
<b>NET CARRYING AMOUNT</b>		<u><b>\$ 70,579</b></u>			<u><b>74,253</b></u>

**4. DEFERRED CONTRIBUTIONS**

Deferred contributions represents unspent resources externally restricted for certain purposes received in the current period that are related to a subsequent period. During the year, the Organization recorded deferred contributions of \$104,796 (2016 - \$86,91) from various organizations for programs to be completed in the following year.

**5. COMMITMENTS**

The Organization has entered into a lease agreement for premises which expires in May 2024. Future minimum annual lease payments are as follows

2018	\$41,130
2019	\$41,130
2020	\$41,130
2021	\$41,130
2022	\$41,130
Thereafter	<u>\$82,260</u>
	<u><u>\$287,910</u></u>

In addition, the Organization is committed to pay its proportionate share of taxes, utilities and operating costs of the premises which is estimated to be \$23,307 per annum.

**6. FINANCIAL INSTRUMENTS**

**Fair value of financial instruments carried at amortized cost**

The carrying value of cash, accounts receivable, accounts payable and deferred revenue approximate the fair value due to the immediate or short-term nature of these financial instruments.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The organization's credit risk is due mainly to its accounts receivable from various grants. The organization believes its credit exposure is minimal.

UforChange Movement  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

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**6. FINANCIAL INSTRUMENTS - CONTD**

**Interest Rate Risk**

Interest rate risk arises from the possibility that the changes in interest rates will affect the value of fixed income securities held by the organization. The short-term interest bearing instruments held by the organization have a limited exposure to interest rate risk due to their short-term maturity.

**Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. No currency risk exists as there were no foreign currency transactions during the year.

**Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Management believes no other price risk factors exist.

**7. GUARANTEES**

In the normal course of business, the organization entered into an insurance agreement that meets the definition of a guarantee.

The organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suit or actions.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2017</b>	<b>2016</b>
Trade payables and accrued liabilities	<b>7,906</b>	<b>11,290</b>
Payroll and withholding taxes	<b>2,484</b>	<b>1,955</b>
	<b>10,390</b>	<b>13,245</b>

**9. Economic Dependence**

The organization is economically dependent upon its funders for the continued operations of its programs

**10. Cash**

**Cash is comprised as follows:**

	<b>2017</b>	<b>2016</b>
Restricted Cash	<b>6,000</b>	28,000
Investments Restricted Cash	<b>3,000</b>	3,000
Unrestricted Cash	<b>66,041</b>	33,652
	<b>75,041</b>	64,652

**11. Deferred Contributions**

	<b>2017</b>	<b>2016</b>
Unearned Revenue	<b>39,786</b>	13,888
Lease Inducement	<b>65,010</b>	73,093
Reserve Fund	<b>640</b>	640
	<b>105,436</b>	87,621

UforChange Movement  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

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**12. RESERVE FUND**

The Pay Equity Reserve Fund was established in the 2015 fiscal year.

Contributions are to be made to the Fund as the Board in its discretion determines from time to time. During the year the board decided that monthly contributions to the reserve fund would be made based on the greater of (a) 2% of unrestricted contributions and (b) \$2,000 per month.

The investment of \$6,640 is segregated for the Reserve Fund.

UforChange Movement  
**SCHEDULE A**  
**MARCH 31, 2017**

	<b>2017</b>	2016
<b>Government Funding</b>	<b>187,500</b>	231,943
	<b>187,500</b>	231,943
<b>Corporate Donations</b>	<b>111,696</b>	12,826
<b>Fees for Service - Programs</b>	<b>38,448</b>	60,173
	<b>38,448</b>	60,173
<b>Foundations</b>	<b>80,920</b>	68,017
<b>Total Program Donations</b>	<b>418,564</b>	372,959
<b>General Fund and Other Income</b>		
Individual Donations Greater than 5K	<b>11,000</b>	5,000
Space Sharing Revenue	<b>8,969</b>	5,664
Individual Donations Less than 5K	<b>4,024</b>	3,545
Events	<b>1,155</b>	16,218
Misc Revenue	<b>921</b>	588
Government Funding	-	35,000
	<b>26,069</b>	66,015

UforChange Movement  
**SCHEDULE B**  
**MARCH 31, 2017**

	2017	2016
<b>Expenses</b>		
<b>Program Expenses</b>		
Salaries and wages	141,760	161,728
Reimbursements	106,692	14,116
Rent	62,303	60,858
Contractors and Consultants	42,496	61,270
Miscellaneous	12,184	12,671
Business Development	4,489	5,062
Computers, Internet, Telephone, Utilities	3,460	4,459
Meals and entertainment	3,391	3,128
Youth honorariums	3,135	4,730
Audit Fees	2,400	2,400
Travel	1,890	924
Filming Costs	832	32,289
Talent Shows	-	5,851
Co-ordinators	-	5,272
Graduation	-	1,303
	<b>385,032</b>	<b>376,061</b>
<b>Management And Administration</b>		
Salaries and Wages	23,077	26,044
Accounting	10,308	3,771
Rent	6,923	6,762
Repairs and Maintenance	5,097	-
Insurance	4,776	929
Computer, Internet & Telephone	1,193	1,223
Audit Fees	1,163	793
Misc	5,621	7,984
	<b>58,157</b>	<b>47,507</b>

UforChange Movement  
**SCHEDULE C**  
**MARCH 31, 2017**  
**DETAILED BREAKDOWN OF PROFIT AND LOSS BY CLASS**

	Operations	Intermediary	Workshop in the 6	Core Arts Programs	Total
<b>Income</b>					
Grant and Government Funding Programs	22,500		4,485	165,000	187,500
Foundations		15,000		33,963	38,448
Corporate Donations	3,254	101,167		65,919	65,919
Revenue from Space Sharing Events	8,969		1,155	7,275	10,529
Individuals > 5K	5,000				8,969
Individuals < 5K	511	3,500	13	6,000	1,155
Miscellaneous Revenue	338				11,000
	40,572	119,667	5,653	278,157	324,382
<b>Expenses by Major Category</b>					
Payroll	11,833			153,004	164,837
Reimbursement Expenses		106,692			-
Amortization	2,042			10,142	12,184
Rent	6,923			62,303	69,226
Travel	1,385		14	491	1,890
Contractors and Consultants				21,603	21,603
Insurance	1,006			3,769	4,776
Art workshop leaders	196				196
Storage Fees				2,339	2,339
Filming Costs				832	832
Dues and Fees				1,063	1,063
Art Workshop Leaders			1,190	19,507	20,697
Honorariums			2,115	1,020	3,135
Audit	800			2,763	3,563
Marketing	3,779		60	650	4,489
Bookkeeper & controllership	10,308				10,308
Computer and internet				976	976
Meals and Entertainment	1,291		1,040	3,300	5,630
Office Supplies	2,286		36	3,118	5,440
Repairs and maintenance	1,150			3,947	5,097
Materials and supplies			237	961	1,197
Utilities	725			5,430	6,155
Program supplies and equipment				2,363	2,363
Other	104				104
	43,828	106,692	4,691	299,579	348,098
Net Income (Loss)	(3,256)	12,975	962	(21,422)	(10,741)