

INNER CITY YOUTH ALIVE INC.

Financial Statements

Year Ended December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Inner City Youth Alive Inc.

Opinion

We have audited the financial statements of Inner City Youth Alive Inc. (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, 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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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



Independent Auditor's Report to the Members of Inner City Youth Alive Inc. *(continued)*

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.

Winnipeg, Manitoba
June 23, 2021



Chartered Professional Accountants Inc.

INNER CITY YOUTH ALIVE INC.
Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 1,269,178	\$ 598,246
Donations receivable	55,697	52,376
Accounts receivable	12,732	2,108
GST receivable	7,301	10,821
Prepaid expenses	16,962	25,325
	1,361,870	688,876
FIXED ASSETS (Note 4)	1,804,636	1,870,050
	\$ 3,166,506	\$ 2,558,926
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 115,556	\$ 132,021
NET ASSETS (DEFICIENCY)		
General fund	426,053	(78,097)
Restricted fund (Schedule 1)	820,262	634,952
Invested in fixed assets fund	1,804,636	1,870,050
	3,050,951	2,426,905
	\$ 3,166,507	\$ 2,558,926

ON BEHALF OF THE BOARD

 Director
 Director

INNER CITY YOUTH ALIVE INC.
Statement of Revenues and Expenses
Year Ended December 31, 2020

	2020 Budget <i>(Unaudited)</i>	2020	2019
REVENUES <i>(Schedule 9)</i>			
Donations			
Individuals	\$ 1,945,396	\$ 794,029	\$ 813,315
Church and other registered charities	-	868,091	731,995
Businesses	4,600	157,807	180,993
	1,949,996	1,819,927	1,726,303
Grants and subsidies	43,000	583,485	81,230
Fundraising	62,500	46,705	63,860
Other income	-	8,902	11,182
Rental fees	22,000	21,400	21,250
	2,077,496	2,480,419	1,903,825
EXPENSES <i>(Schedule 9)</i>			
Administration <i>(Schedule 2)</i>	323,413	333,378	321,390
Amortization	110,000	104,939	108,411
Bridge Program <i>(Schedule 3)</i>	612,596	638,682	488,905
Camp Program <i>(Schedule 4)</i>	284,779	202,201	267,472
Community Ministry <i>(Schedule 5)</i>	348,337	278,894	321,719
Fundraising <i>(Schedule 6)</i>	259,946	197,785	284,971
Leadership Development <i>(Schedule 7)</i>	83,417	72,567	58,964
Special projects	4,800	1,045	2,970
Story Studio <i>(Schedule 8)</i>	50,208	26,882	39,289
	2,077,496	1,856,373	1,894,091
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ 624,046	\$ 9,734

INNER CITY YOUTH ALIVE INC.
Statement of Changes in Net Assets
Year Ended December 31, 2020

	General fund	Restricted fund (Schedule 1)	Invested in fixed assets fund	2020	2019
NET ASSETS (DEFICIENCY) - BEGINNING OF YEAR	\$ (78,097)	\$ 634,952	\$ 1,870,050	\$ 2,426,905	\$ 2,417,171
Excess (deficiency) of revenues over expenses	590,350	138,635	(104,939)	624,046	9,734
Fixed assets purchased	(39,525)	-	39,525	-	-
Transfers	(41,875)	41,875	-	-	-
Budget allocation	(4,800)	4,800	-	-	-
NET ASSETS - END OF YEAR	\$ 426,053	\$ 820,262	\$ 1,804,636	\$ 3,050,951	\$ 2,426,905

INNER CITY YOUTH ALIVE INC.**Statement of Cash Flows****Year Ended December 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 624,046	\$ 9,734
Item not affecting cash:		
Amortization of fixed assets	104,939	108,411
	728,985	118,145
Changes in non-cash working capital:		
Donations receivable	(3,321)	(16,346)
Accounts receivable	(10,624)	(274)
GST receivable	3,520	5,104
Prepaid expenses	8,363	(6,298)
Accounts payable and accrued liabilities	(16,466)	33,672
	(18,528)	15,858
Cash flow from operating activities	710,457	134,003
INVESTING ACTIVITY		
Purchase of fixed assets	(39,525)	(114,300)
Cash flow used by investing activity	(39,525)	(114,300)
INCREASE IN CASH FLOW	670,932	19,703
CASH - BEGINNING OF YEAR	598,246	578,543
CASH - END OF YEAR	\$ 1,269,178	\$ 598,246

INNER CITY YOUTH ALIVE INC.

Notes to Financial Statements

Year Ended December 31, 2020

1. PURPOSE OF THE ORGANIZATION

Inner City Youth Alive Inc. is a local charitable organization incorporated under the Manitoba Corporations Act. The organization runs programs and initiatives designed to address the various social and economic difficulties faced by the young people within the inner city of Winnipeg. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

Inner City Youth Alive Inc. follows the restricted fund method of accounting for contributions.

The General Fund is an unrestricted fund that accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants and donations.

The Invested in Fixed Assets Fund reports the assets, liabilities, revenues and expenses related to Inner City Youth Alive Inc.'s capital assets and building expansion campaign.

The restricted funds are comprised of a number of specific purpose funds that account for resources restricted externally by the contributor or resources designated for specific purposes by the Board of Directors.

The internally restricted general reserve fund is set at 10% of the budgeted expenditures and is adjusted annually.

Fixed assets

Fixed assets are stated at cost or deemed cost less accumulated amortization. The estimated useful lives, residual values and amortization methods are reviewed if events or changes in circumstances indicate the carrying amount may not be recoverable. Fixed assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Buildings	4 - 6%	declining balance method
Equipment	20 - 30%	declining balance method
Motor vehicles	30%	declining balance method
Camp vehicles, marine and general equipment	20 - 30%	declining balance method
Shop equipment	20%	declining balance method

Fixed assets acquired during the year are not amortized until they are placed into use. Fixed assets are amortized at one-half the normal rate in the year of acquisition.

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INNER CITY YOUTH ALIVE INC.

Notes to Financial Statements

Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The organization follows the restricted fund method of accounting for contributions which include donations and government and other grants.

Restricted contributions related to general operations are recognized as revenue of the general fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental fees and other income are recognized as revenue in the appropriate fund as they are earned.

Fundraising revenues are recognized as revenues of the general fund when the activities are held.

Contributed services

In the normal course of operations, Inner City Youth Alive Inc. receives volunteer assistance in carrying out its program activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments policy

Measurement of financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial instruments measured at amortized cost consists of donations receivable, accounts receivable, and accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, providing the revised carrying amount does not exceed the original fair value at the date of acquisition. The amount of the reversal is recognized in net income.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their organization, issuance or assumption.

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INNER CITY YOUTH ALIVE INC.

Notes to Financial Statements

Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2020. It is the opinion of management that the organization is not exposed to significant credit or liquidity risk.

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 rate risk, interest rate risk and other price risk. The organization is not exposed to any significant currency risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate with the bank.

INNER CITY YOUTH ALIVE INC.**Notes to Financial Statements****Year Ended December 31, 2020**

4. FIXED ASSETS

	Cost	Accumulated amortization	2020 Net book value
Land	\$ 77,640	\$ -	\$ 77,640
Buildings	2,558,902	968,227	1,590,675
Equipment	331,386	265,118	66,268
Motor vehicles	225,889	173,890	51,999
Camp vehicles, marine and general equipment	158,408	140,689	17,719
Shop equipment	23,999	23,664	335
	\$ 3,376,224	\$ 1,571,588	\$ 1,804,636

	Cost	Accumulated amortization	2019 Net book value
Land	\$ 77,640	\$ -	\$ 77,640
Buildings	2,558,903	901,425	1,657,478
Equipment	305,207	249,912	55,295
Motor vehicles	212,543	154,465	58,078
Camp vehicles, marine and general equipment	158,408	137,267	21,141
Shop equipment	23,999	23,581	418
	\$ 3,336,700	\$ 1,466,650	\$ 1,870,050

5. BUDGET DISCLOSURE

Budget information is presented for information purposes only and has not been subject to audit.

6. COVID-19

In the 2020 year-end, the Organization's operations have been impacted by the COVID-19 health pandemic. The Organization was forced to suspend a number of their main programs. They have since been able to provide different programming and have received additional grants and donations. The full financial impact of the pandemic on the organization cannot be reasonably measured at this time.

INNER CITY YOUTH ALIVE INC.
Statement of Changes in Restricted Funds
Year Ended December 31, 2020

(Schedule 1)

	2019	Designated receipts	Expenses	Transfers	2020
Restricted Funds					
Internally restricted					
Vehicle replacement	\$ 30,752	\$ -	\$ -	\$ 3,600	\$ 34,352
Equipment replacement	16,175	-	-	1,200	17,375
General reserve fund	185,875	-	-	21,875	207,750
	232,802	-	-	26,675	259,477
Externally restricted					
Staff support	289,148	660,458	(570,645)	(5,101)	373,860
Programs	113,002	113,017	(64,195)	25,101	186,925
	402,150	773,475	(634,840)	20,000	560,785
	\$ 634,952	\$ 773,475	\$ (634,840)	\$ 46,675	\$ 820,262

INNER CITY YOUTH ALIVE INC.

Administration

(Schedule 2)

Year Ended December 31, 2020

	Budget <i>(Unaudited)</i>	2020	2019
Administration	\$ 7,626	\$ 10,463	\$ 7,061
Audit, legal, and professional fees	12,000	9,799	13,775
Bank fees	1,020	1,747	1,454
Board development	900	-	222
Credit card fees	13,500	17,226	16,288
Hospitality	8,095	8,152	10,352
Insurance and taxes	9,323	8,539	8,381
Maintenance	6,565	8,480	9,361
Miscellaneous	2,585	870	990
Professional development	4,275	1,557	1,796
Salaries and benefits	241,732	252,879	235,943
Utilities	9,992	8,360	9,234
Vehicle and travel	5,800	5,306	6,533
	\$ 323,413	\$ 333,378	\$ 321,390

INNER CITY YOUTH ALIVE INC.

Bridge Program

(Schedule 3)

Year Ended December 31, 2020

	Budget <i>(Unaudited)</i>	2020	2019
Administration	\$ 12,870	\$ 12,008	\$ 10,824
Bridge staff training	4,030	1,561	2,078
Drop-In program	9,600	8,319	7,618
General program	-	-	464
Hospitality	6,700	2,290	5,069
Insurance and taxes	12,679	13,466	12,317
Maintenance	16,236	14,123	19,611
Meals program	11,400	139,971	14,178
Professional development	9,797	6,506	3,258
Salaries and benefits	472,529	403,786	361,941
Special events	21,450	2,524	14,421
Summer programs	4,743	13,105	5,165
Utilities	13,353	10,185	11,444
Vehicle and travel	17,209	10,838	20,517
	\$ 612,596	\$ 638,682	\$ 488,905

INNER CITY YOUTH ALIVE INC.

Camp Program

(Schedule 4)

Year Ended December 31, 2020

	Budget <i>(Unaudited)</i>	2020	2019
Administration	\$ 3,217	\$ 4,551	\$ 4,156
Camp accident insurance	500	448	451
Camp phone	2,340	1,949	1,257
Camp program & training	7,134	291	3,240
Camp property maintenance	4,500	1,603	1,244
Camp supplies	1,600	-	1,087
Camp trips - food and facility rental	12,250	3,353	10,373
Camp trips - fuel	3,600	2,884	2,953
Camp vehicle expenses	2,500	7,959	5,156
Hospitality	1,630	356	831
Insurance and taxes	9,729	6,652	6,664
License fees and property lease	110	168	108
Maintenance	4,626	3,365	3,763
Professional development	2,597	1,557	782
Salaries and benefits	207,976	158,019	202,929
Utilities	3,326	2,564	2,967
Vehicle and travel	17,144	6,482	19,511
	\$ 284,779	\$ 202,201	\$ 267,472

INNER CITY YOUTH ALIVE INC.**Community Ministry****(Schedule 5)****Year Ended December 31, 2020**

	Budget <i>(Unaudited)</i>	2020	2019
Administration	\$ 8,043	\$ 7,668	\$ 6,396
Community ministry program	3,600	7,534	221
Hospitality	11,700	3,636	9,246
Insurance and taxes	7,458	7,634	7,022
Maintenance	3,151	3,631	4,492
Professional development	6,742	3,292	4,329
Program materials	5,184	3,252	1,961
Resources / bible study materials	1,000	394	612
Salaries and benefits	282,795	227,462	269,417
Utilities	11,752	9,149	9,824
Vehicle and travel	6,912	5,242	8,199
	\$ 348,337	\$ 278,894	\$ 321,719

INNER CITY YOUTH ALIVE INC.

Fundraising

(Schedule 6)

Year Ended December 31, 2020

	Budget <i>(Unaudited)</i>	2020	2019
Administration	\$ 3,687	\$ 4,265	\$ 5,999
Fundraising banquet	29,500	7,699	29,215
General maintenance	1,334	1,513	1,872
Hospitality	2,550	1,808	559
Professional development	1,911	796	1,910
Promotions	105,850	65,158	98,682
Property taxes and insurance	1,865	1,756	1,637
Salaries and benefits	107,070	111,430	141,624
Utilities	3,779	3,161	3,473
Vehicle expenses	2,400	199	-
	\$ 259,946	\$ 197,785	\$ 284,971

INNER CITY YOUTH ALIVE INC.

Leadership Development

(Schedule 7)

Year Ended December 31, 2020

	Budget <i>(Unaudited)</i>	2020	2019
Administration	\$ 965	\$ 1,107	\$ 937
General maintenance	788	908	1,123
Hospitality	2,193	292	99
Insurance and taxes	1,119	1,054	1,119
Professional development	4,343	389	2,170
Programs	-	686	824
Salaries	72,095	66,707	50,738
Training	-	-	80
Utilities	1,079	876	976
Vehicle and travel	835	548	898
	\$ 83,417	\$ 72,567	\$ 58,964

INNER CITY YOUTH ALIVE INC.

Story Studio

(Schedule 8)

Year Ended December 31, 2020

	Budget <i>(Unaudited)</i>	2020	2019
Administration	\$ 965	\$ 1,391	\$ 937
General maintenance	5,997	1,295	1,590
Hospitality	900	2,025	-
Professional development	1,703	389	549
Property taxes and insurance	1,119	1,054	982
Salaries and benefits	35,157	17,977	32,046
Story studio program costs	2,313	986	980
Utilities	1,319	1,203	1,307
Vehicle expenses and mileage	735	562	898
	\$ 50,208	\$ 26,882	\$ 39,289

INNER CITY YOUTH ALIVE INC.
Statement of Revenues and Expenses by Fund
Year Ended December 31, 2020

(Schedule 9)

	General	Invested in fixed assets	Restricted (Schedule 1)	2020	2019
Revenues					
Donations					
Individuals	746,851	-	47,178	794,029	813,315
Churches and other registered charities	576,326	-	291,765	868,091	731,995
Businesses	136,564	-	21,243	157,807	180,993
	1,459,741	-	360,186	1,819,927	1,726,303
Grants and subsidies	171,355	-	412,130	583,485	81,230
Fundraising	46,705	-	-	46,705	63,860
Other income	7,743	-	1,159	8,902	8,092
Rental fees	21,400	-	-	21,400	21,250
	1,706,943	-	773,475	2,480,419	1,903,825
Expenses					
Administration	221,976	-	111,401	333,378	321,390
Amortization	-	104,939	-	104,939	108,411
Bridge Program	460,519	-	178,163	638,682	488,905
Camp Program	79,026	-	123,175	202,201	267,472
Community Ministry Program	67,708	-	211,186	278,894	321,719
Fundraising	197,785	-	-	197,785	284,971
Leader Development	72,567	-	-	72,567	58,964
Special projects	1,046	-	-	1,046	2,970
Story Studio	15,966	-	10,916	26,882	39,289
	1,116,594	104,939	634,840	1,856,374	1,894,091
	590,349	(104,939)	138,636	624,046	9,734

See Accompanying Notes

