

INNER CITY YOUTH ALIVE INC.

Financial Statements

Year Ended December 31, 2021

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, 2021, 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, 2021, 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
October 4, 2022



Chartered Professional Accountants Inc.


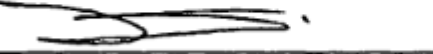
INNER CITY YOUTH ALIVE INC.

Statement of Financial Position

December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 2,316,275	\$ 1,269,178
Donations receivable	93,525	55,697
Accounts receivable	34,785	12,732
GST receivable	11,519	7,301
Prepaid expenses	27,682	16,962
	2,483,786	1,361,870
FIXED ASSETS (Note 4)	2,231,112	1,804,636
	\$ 4,714,898	\$ 3,166,506
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 124,097	\$ 115,555
Current portion of long term debt (Note 5)	7,938	-
	132,035	115,555
LONG TERM DEBT (Note 5)	309,958	-
	441,993	115,555
NET ASSETS (DEFICIENCY)		
General fund	616,725	426,053
Restricted fund (Schedule 1)	1,682,964	820,262
Invested in fixed assets fund	1,973,216	1,804,636
	4,272,905	3,050,951
	\$ 4,714,898	\$ 3,166,506

ON BEHALF OF THE BOARD

 Director
 Director

INNER CITY YOUTH ALIVE INC.
Statement of Revenues and Expenses
Year Ended December 31, 2021

	2021 Budget <i>(Unaudited)</i>	2021	2020
REVENUES <i>(Schedule 11)</i>			
Donations			
Individuals	\$ 1,100,612	\$ 1,094,007	\$ 794,029
Church and other registered charities	591,808	1,234,044	868,091
Businesses	170,000	413,375	157,807
	1,862,420	2,741,426	1,819,927
Grants and subsidies	752,520	528,861	583,485
Fundraising	62,500	30,350	46,705
Other income	-	28,948	8,902
Rental fees	16,000	16,900	21,400
	2,693,440	3,346,485	2,480,419
EXPENSES <i>(Schedule 11)</i>			
Administration <i>(Schedule 2)</i>	361,175	332,269	333,378
Amortization	110,000	115,832	104,939
Bridge Program <i>(Schedule 3)</i>	547,569	467,905	638,682
Camp Program <i>(Schedule 4)</i>	290,458	255,931	202,201
Community Ministry <i>(Schedule 5)</i>	401,243	314,235	278,894
Fundraising <i>(Schedule 6)</i>	333,380	252,147	197,785
Leadership Development <i>(Schedule 7)</i>	79,288	79,151	72,567
Special projects	4,798	-	1,045
Story Studio <i>(Schedule 8)</i>	30,604	32,830	26,882
Engage education <i>(Schedule 9)</i>	143,255	113,121	-
Work skills <i>(Schedule 10)</i>	391,670	161,110	-
	2,693,440	2,124,531	1,856,373
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ 1,221,954	\$ 624,046

INNER CITY YOUTH ALIVE INC.
Statement of Changes in Net Assets
Year Ended December 31, 2021

	General fund	Restricted fund (Schedule 1)	Invested in fixed assets fund	2021	2020
NET ASSETS (DEFICIENCY) - BEGINNING OF YEAR	\$ 426,053	\$ 820,262	\$ 1,804,636	\$ 3,050,951	\$ 2,426,905
Excess (deficiency) of revenues over expenses	551,478	786,308	(115,832)	1,221,954	624,046
Fixed assets purchased	(542,308)	-	542,308	-	-
Transfers	(71,594)	71,594	-	-	-
Budget allocation	(4,800)	4,800	-	-	-
Financing of fixed assets	257,896	-	(257,896)	-	-
NET ASSETS - END OF YEAR	\$ 616,725	\$ 1,682,964	\$ 1,973,216	\$ 4,272,905	\$ 3,050,951

INNER CITY YOUTH ALIVE INC.**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 1,221,954	\$ 624,046
Item not affecting cash:		
Amortization of fixed assets	115,832	104,939
	1,337,786	728,985
Changes in non-cash working capital:		
Donations receivable	(37,828)	(3,321)
Accounts receivable	(22,053)	(10,624)
GST receivable	(4,218)	3,520
Prepaid expenses	(10,720)	8,363
Accounts payable and accrued liabilities	8,542	(16,466)
	(66,277)	(18,528)
Cash flow from operating activities	1,271,509	710,457
INVESTING ACTIVITY		
Purchase of fixed assets	(542,308)	(39,525)
Cash flow used by investing activity	(542,308)	(39,525)
FINANCING ACTIVITIES		
Proceeds from long term debt	319,000	-
Repayment of long term debt	(1,104)	-
Cash flow from financing activities	317,896	-
INCREASE IN CASH FLOW	1,047,097	670,932
CASH - BEGINNING OF YEAR	1,269,178	598,246
CASH - END OF YEAR	\$ 2,316,275	\$ 1,269,178

INNER CITY YOUTH ALIVE INC.

Notes to Financial Statements

Year Ended December 31, 2021

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, 2021

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, 2021

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, 2021. 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, 2021

4. FIXED ASSETS

	Cost	Accumulated amortization	2021 Net book value
Land	\$ 347,640	\$ -	\$ 347,640
Buildings	2,683,291	1,032,327	1,650,964
Equipment	384,320	285,100	99,220
Motor vehicles	305,278	201,398	103,880
Camp vehicles, marine and general equipment	158,408	143,304	15,104
Shop equipment	39,595	25,291	14,304
	\$ 3,918,532	\$ 1,687,420	\$ 2,231,112

	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

5. LONG TERM DEBT

	2021	2020
COVID-19 Relief Line of Credit as part of the Government-sponsored Canada Emergency Business Account. The line of credit bears 0% interest until December 31, 2020. On January 1, 2021, the loan was converted to a 3-year 0% interest term loan, to be repaid by December 31, 2023. \$20,000 of the loan will be forgiven if \$40,000 is repaid in full on or before December 31, 2023. If on December 31, 2023 the organization opts to exercise the 2-year term extension, 5% interest during the term extension period will apply on any remaining balance.	\$ 60,000	\$ -
Steinbach Credit Union loan bearing interest at 3.721% per annum, repayable in monthly blended payments of \$1,450. The loan matures on July 31, 2043 and is secured by 101 Salter Avenue.	257,896	-
	317,896	-

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INNER CITY YOUTH ALIVE INC.

Notes to Financial Statements

Year Ended December 31, 2021

5. LONG TERM DEBT <i>(continued)</i>	2021	2020
	(7,938)	-
Amounts payable within one year	(7,938)	-
	\$ 309,958	\$ -

Principal repayment terms are approximately:

2022	\$ 7,938
2023	68,239
2024	8,550
2025	8,874
2026	9,210
Thereafter	<u>215,085</u>
	<u>\$ 317,896</u>

6. BUDGET DISCLOSURE

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

7. COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world. The organization was able to resume some programming in 2021, with intermittent interruptions due to provincial health restrictions. The organization was eligible and received funding through the Canadian Emergency Wage Subsidy throughout the year. As well, they received the Manitoba Bridge Grant. The full financial impact cannot be reasonably measured at this time.

INNER CITY YOUTH ALIVE INC.

Statement of Changes in Restricted Funds

(Schedule 1)

Year Ended December 31, 2021

	2020	Designated receipts	Expenses	Transfers	2021
Restricted Funds					
Internally restricted					
Vehicle replacement	\$ 34,352	\$ -	\$ -	\$ 3,600	\$ 37,952
Equipment replacement	17,375	-	-	1,200	18,575
General reserve fund	207,750	-	-	71,594	279,344
	259,477	-	-	76,394	335,871
Externally restricted					
Staff support	373,860	562,853	(549,658)	(13,185)	373,870
Programs	186,925	1,188,903	(415,790)	13,185	973,223
	560,785	1,751,756	(965,448)	-	1,347,093
	\$ 820,262	\$ 1,751,756	\$ (965,448)	\$ 76,394	\$ 1,682,964

INNER CITY YOUTH ALIVE INC.

Administration

(Schedule 2)

Year Ended December 31, 2021

	Budget <i>(Unaudited)</i>	2021	2020
Administration	\$ 6,576	\$ 20,059	\$ 10,463
Audit, legal, and professional fees	12,000	13,015	9,799
Bank fees	1,020	1,147	1,747
Credit card fees	13,500	19,833	17,226
Hospitality	10,765	11,280	8,152
Insurance and taxes	9,323	11,163	8,539
Maintenance	10,318	2,673	8,480
Miscellaneous	3,400	4,135	870
Professional development	3,977	1,891	1,557
Salaries and benefits	273,168	231,864	252,879
Utilities	11,328	10,084	8,360
Vehicle and travel	5,800	5,125	5,306
	\$ 361,175	\$ 332,269	\$ 333,378

INNER CITY YOUTH ALIVE INC.

Bridge Program

(Schedule 3)

Year Ended December 31, 2021

	Budget <i>(Unaudited)</i>	2021	2020
Administration	\$ 10,324	\$ 13,175	\$ 12,008
Bridge staff training	2,980	801	1,561
Drop-In program	10,740	14,724	8,319
General program	-	-	-
Hospitality	8,124	3,250	2,290
Insurance and taxes	11,933	15,410	13,466
Maintenance	21,524	25,416	14,123
Meals program	12,000	22,239	139,971
Professional development	9,978	3,268	6,506
Salaries and benefits	403,207	337,421	403,786
Special events	23,550	6,455	2,524
Summer programs	4,600	2,497	13,105
Utilities	13,220	10,593	10,185
Vehicle and travel	15,389	12,656	10,838
	\$ 547,569	\$ 467,905	\$ 638,682

INNER CITY YOUTH ALIVE INC.

Camp Program

(Schedule 4)

Year Ended December 31, 2021

	Budget <i>(Unaudited)</i>	2021	2020
Administration	\$ 3,869	\$ 4,957	\$ 4,551
Camp accident insurance	500	447	448
Camp phone	2,340	1,606	1,949
Camp program & training	9,029	915	291
Camp property maintenance	4,500	4,798	1,603
Camp supplies	1,600	1,162	-
Camp trips - food and facility rental	10,250	6,952	3,353
Camp trips - fuel	3,600	2,150	2,884
Camp vehicle expenses	2,500	1,231	7,959
Hospitality	2,129	1,042	356
Insurance and taxes	8,983	4,983	6,652
License fees and property lease	110	108	168
Maintenance	6,690	4,998	3,365
Professional development	2,887	860	1,557
Salaries and benefits	213,034	201,796	158,019
Utilities	2,710	2,517	2,564
Vehicle and travel	15,727	15,409	6,482
	\$ 290,458	\$ 255,931	\$ 202,201

INNER CITY YOUTH ALIVE INC.**Community Ministry****(Schedule 5)****Year Ended December 31, 2021**

	Budget <i>(Unaudited)</i>	2021	2020
Administration	\$ 5,975	\$ 8,107	\$ 7,668
Community ministry program	4,800	5,229	7,534
Hospitality	11,466	10,529	3,636
Insurance and taxes	5,594	8,975	7,634
Maintenance	3,752	4,798	3,631
Professional development	6,130	2,133	3,292
Program materials	5,927	4,618	3,252
Resources / bible study materials	1,000	759	394
Salaries and benefits	340,515	254,237	227,462
Utilities	10,094	9,155	9,149
Vehicle and travel	5,990	5,695	5,242
	\$ 401,243	\$ 314,235	\$ 278,894

INNER CITY YOUTH ALIVE INC.

Fundraising

(Schedule 6)

Year Ended December 31, 2021

	Budget <i>(Unaudited)</i>	2021	2020
Administration	\$ 3,755	\$ 1,835	\$ 4,265
Fundraising banquet	54,650	17,881	7,699
General maintenance	1,407	1,899	1,513
Hospitality	2,550	754	1,808
Professional development	1,687	430	796
Promotions	132,130	102,757	65,158
Property taxes and insurance	1,864	2,243	1,756
Salaries and benefits	128,872	121,166	111,430
Utilities	4,065	3,151	3,161
Vehicle expenses	2,400	31	199
	\$ 333,380	\$ 252,147	\$ 197,785

INNER CITY YOUTH ALIVE INC.**Leadership Development***(Schedule 7)***Year Ended December 31, 2021**

	Budget <i>(Unaudited)</i>	2021	2020
Administration	\$ 996	\$ 1,251	\$ 1,107
General maintenance	1,407	1,500	908
Hospitality	436	189	292
Insurance and taxes	1,119	1,346	1,054
Professional development	2,387	550	389
Programs	914	1,540	686
Salaries	70,100	71,113	66,707
Training	-	-	-
Utilities	1,120	969	876
Vehicle and travel	809	693	548
	\$ 79,288	\$ 79,151	\$ 72,567

INNER CITY YOUTH ALIVE INC.

Story Studio

(Schedule 8)

Year Ended December 31, 2021

	Budget <i>(Unaudited)</i>	2021	2020
Administration	\$ 996	\$ 1,829	\$ 1,391
General maintenance	2,207	1,522	1,295
Hospitality	627	44	2,025
Professional development	1,677	215	389
Property taxes and insurance	1,119	1,346	1,054
Salaries and benefits	20,021	24,032	17,977
Story studio program costs	1,918	2,071	986
Utilities	1,280	1,081	1,203
Vehicle expenses and mileage	759	690	562
	\$ 30,604	\$ 32,830	\$ 26,882

INNER CITY YOUTH ALIVE INC.

Engage Education

(Schedule 9)

Year Ended December 31, 2021

	Budget <i>(Unaudited)</i>	2021	2020
Administration	\$ 3,388	\$ 1,742	\$ -
Engage education program costs	11,542	1,463	-
General maintenance	1,876	3,246	-
Hospitality	10,881	644	-
Professional development	1,376	168	-
Property taxes and insurance	1,492	185	-
Salaries and benefits	104,910	102,771	-
Utilities	3,173	2,125	-
Vehicle expenses and mileage	4,617	777	-
	\$ 143,255	\$ 113,121	\$ -

INNER CITY YOUTH ALIVE INC.

Work Skills

(Schedule 10)

Year Ended December 31, 2021

	Budget <i>(Unaudited)</i>	2021	2020
Administration	\$ 924	\$ 2,346	\$ -
General maintenance	32,035	22,209	-
Hospitality	1,217	1,020	-
Professional development	688	1,919	-
Promotions	-	154	-
Property taxes and insurance	1,864	1,301	-
Salaries and benefits	148,225	97,340	-
Utilities	2,431	3,097	-
Vehicle expenses and mileage	4,274	5,375	-
Work skills program costs	200,012	26,349	-
	\$ 391,670	\$ 161,110	\$ -