

Financial Statements

Birchmount Bluffs Neighbourhood Centre

Toronto, Ontario

March 31, 2019

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Independent Auditors' Report

To the Members of Birchmount Bluffs Neighbourhood Centre:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Birchmount Bluffs Neighbourhood Centre, which comprise the statement of financial position as at March 31, 2019 and the statements of reserve - equipment, reserve - share³⁶⁵, accumulated surplus (deficit), operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Birchmount Bluffs Neighbourhood Centre as at March 31, 2019, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Corporation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation and we are not able to determine whether any adjustments might be necessary to contributions, surplus, current assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Birchmount Bluffs Neighbourhood Centre 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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.



Independent Auditors' Report - continued

In preparing the financial statements, management is responsible for assessing Birchmount Bluffs Neighbourhood Centre'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Birchmount Bluffs Neighbourhood Centre's financial reporting process.

Auditors' 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 auditors' 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 Birchmount Bluffs Neighbourhood Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report - continued

- 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 Birchmount Bluffs Neighbourhood Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.

Toronto, Ontario
June 18, 2019

Prentice Yates & Clark

Chartered Professional Accountants, Licensed Public Accountants

Birchmount Bluffs Neighbourhood Centre

March 31, 2019

Statement of Financial Position	2019	2018
Current Assets		
Cash, Note 3	\$ 87,388	\$ 121,281
Temporary investments, Note 3	36,354	35,623
Accounts receivable		
HST	9,653	7,322
Grants	13,043	8,487
Miscellaneous	300	500
Prepaid expenses	5,453	6,086
Total Current	152,191	179,299
Capital Asset, Note 4	1	1
Reserve Funds, Note 3	14,727	14,727
	<hr/>	<hr/>
	166,919	194,027

Approved by The Board

Mamta Deshwar

Director

Angie Joyce

Director

Birchmount Bluffs Neighbourhood Centre

March 31, 2019

Statement of Financial Position	2019	2018
Current Liabilities		
Accounts payable and accrued liabilities	\$ 41,338	\$ 55,696
Deferred revenue	82,264	128,891
Total Liabilities	<u>123,602</u>	<u>184,587</u>
Net Assets		
<i>Internally Restricted</i>		
Equipment reserve, per statement, Note 5	14,727	14,727
<i>Unrestricted</i>		
Accumulated surplus (deficit), per statement	<u>28,590</u>	<u>(5,287)</u>
	<u>43,317</u>	<u>9,440</u>
	<u>166,919</u>	<u>194,027</u>

The notes on pages 11 through 15 form an integral part of these financial statements.

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2019

Statement of Reserve - Equipment

	2019	2018
Balance beginning	\$ 14,727	\$ 14,727
<i>Balance March 31</i>	14,727	14,727

Statement of Reserve - SHARE365

Balance beginning	0	66,225
Deduct		
Transfer to accumulated surplus (deficit)	0	(66,225)
<i>Balance March 31</i>	0	0

Statement of Accumulated Surplus (Deficit)

Balance beginning	(5,287)	(39,899)
Add (deduct)		
Surplus (deficit)	33,877	(31,613)
Transfer from SHARE365 reserve	0	66,225
<i>Balance March 31</i>	28,590	(5,287)

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2019

Statement of Operations	2019	2018
Revenues		
Government grants		
Federal	\$ 22,515	\$ 13,668
Provincial	3,496	3,616
Municipal		
EarlyON, Note 9	127,714	95,257
Community Service Partnerships	87,408	85,602
Investment in Neighbourhood	35,807	58,609
Trustees programs, Note 7	28,144	25,234
Special project	15,000	0
Total government grants	320,084	281,986
Other grants and donations		
United Way, Note 8	197,516	210,180
Tippett Foundation	10,000	0
Fees for service, Note 6	172,229	171,019
Donations	51,404	58,450
Membership fees	11,187	12,116
Investment income	1,092	625
Fundraising	1,873	4,615
Total Revenues	765,385	738,991
Expenses		
Salaries and staffing costs	468,065	550,770
Storage rental	0	999
Insurance	10,724	10,715
Staff development and training	2,645	2,620
Advertising and promotion	1,027	883
Interest and bank charges	4,779	4,282
Licenses and memberships	2,591	2,255
Program supplies	88,791	55,780
Materials and services	18,829	21,292
Fitness instructors	101,916	102,631
Professional fees	31,216	15,392
Travel	925	2,985
Total Expenses	731,508	770,604
Surplus (Deficit)	33,877	(31,613)

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2019

Statement of Cash Flows	2019	2018
Operating Activities		
Surplus (deficit)	\$ 33,877	\$ (31,613)
Changes in Non-Cash Working Capital		
Accounts receivable	(6,687)	14,075
Prepaid expenses	633	1,182
Accounts payable and accrued liabilities	(14,358)	7,268
Deferred revenue	(46,627)	84,087
<i>Cash Provided by (Used in) Operating Activities</i>	<i>(33,162)</i>	<i>74,999</i>
Investing Activities		
Decrease (increase) in investments	(731)	30,602
<i>Cash Provided By (Used In) Investing Activities</i>	<i>(731)</i>	<i>30,602</i>
Net cash increase (decrease) during the year	(33,893)	105,601
Cash position beginning of year	121,281	15,680
<i>Cash Position End of Year</i>	<i>87,388</i>	<i>121,281</i>

Notes to Financial Statements

Status and Nature of Activities

The Corporation is incorporated without share capital under the laws of Ontario. The purpose of the Corporation is to maintain, operate and conduct a community centre for advancement of community education, social services and activities to enhance physical and mental well-being.

The Corporation is a charitable organization within the meaning of the Income Tax Act.

Note 1 Significant Accounting Policies

Basis of Accounting

The Corporation's financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Where Canadian accounting standards for not-for-profit organizations does not provide guidance, the Corporation uses Canadian accounting standards for private enterprises. Outlined below are those policies considered particularly significant for the Corporation.

Revenue Recognition

Government grants are recognized using the deferral method of accounting for contributions.

Program revenues are recognized when the service is provided.

Membership fees revenue is recognized in the period in which the membership covers.

Revenue related to donations, fundraising and SHARE365 are recognized when they are received.

Investment income includes interest from cash and fixed income investments. Revenue is recognized on an accrual basis. Interest from fixed income investments is recognized over the term of these investments using the effective interest method.

Financial Instruments

(a) Measurement of Financial Instruments

The Corporation initially measures its financial assets and financial liabilities at fair value.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, guaranteed investment certificates and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Note 1 Significant Accounting Policies - continued

(b) 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 surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, up to the original cost but cannot exceed original cost. The amount of the reversal is recognized in income.

Allocation of Expenses

Expenses are allocated to programs based on proration of funding received.

Use of Estimates

The preparation of financial statements requires management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 2 Financial Instruments

Risk Management Policy

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2019:

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 loss.

It is the opinion of management that the Corporation is not exposed to significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its accounts payable.

Birchmount Bluffs Neighbourhood Centre

March 31, 2019

Note 2 Financial Instruments - continued

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period and are summarized below:

Interest Rate Risk

The Corporation manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Corporation has invested its excess cash in low risk interest bearing vehicles such as guaranteed investment certificates as the means for managing its interest rate risk.

The average rate of return on cash and investments during the year was 0.7% (2018, 0.5%).

Note 3 Cash, Investments and Reserve Funds

	2019	2018
Cash		
Petty cash	\$ 600	\$ 600
Operating current account	36,702	120,681
Savings account	50,086	0
	87,388	121,281
Temporary Investments		
Guaranteed investment certificates	51,081	50,350
	138,469	171,631
Composed of:		
Cash	87,388	121,281
Temporary investments	36,354	35,623
Amount required to fund reserve - restricted	14,727	14,727
	138,469	171,631

Note 4 Capital Asset

	2019	2018
At cost		
Computer database	\$ 10,394	\$ 10,394
Accumulated amortization	(10,393)	(10,393)
	1	1

Birchmount Bluffs Neighbourhood Centre

March 31, 2019

Note 5 Restrictions on Net Assets

The equipment reserve is internally restricted by the Board of Directors. These funds can only be used for future major equipment purchases, including computer replacements approved by the Board of Directors.

Note 6 Fees for Service Revenue

Service revenue is comprised of the following:

	2019	2018
		Note 10
Fitness and wellness	\$ 111,819	\$ 111,660
Preschool	48,466	44,951
Family Resource Centre	0	2,347
Active and able	8,903	7,679
Share365	3,041	4,382
	172,229	171,019

Note 7 Trustees Program

The Corporation acts as a trustee for a number of small community projects. The following funds were expended during the year:

	2019	2018
Resident Advisory Committee	\$ 2,536	\$ 10,844
Community Festivals	9,843	0
Waste Management Project	500	10,735
Toronto Public Health - Youth Leadership Project	3,318	567
Toronto Public Health - Diabetes Project	7,212	3,088
Bells on Danforth	4,735	0
	28,144	25,234

Note 8 United Way

United Way has approved funding for April 1, 2018 to March 31, 2021 for the Corporation.

Approved funding for the year was:

	2019
EarlyON Program, Note 9	\$ 80,232
Youth Program	47,386
Administration	69,898
	197,516

Birchmount Bluffs Neighbourhood Centre

March 31, 2019

Note 9 EarlyON

The following is a summary of operations of the EarlyON program which is partially funded by the City of Toronto and United Way. The program does not require the payment of a membership fee and replaces the Family Resource Centre. 2018 is a combination of EarlyON and Family Resource Centre.

	2019	2018
		Note 10
Revenue		
City of Toronto	\$ 127,714	\$ 95,257
United Way	80,232	0
Fees collected for services	0	2,347
	207,946	97,604
Expenses		
Salaries	186,504	107,109
Insurance	3,403	1,375
Advertising	257	142
Training and development	414	251
Office	3,102	1,574
Professional fees	6,627	1,862
Program related	18,473	3,795
Contract staff	1,899	823
Miscellaneous	42	148
	220,721	117,079
	(12,775)	(19,475)

Note 10 Classification

The prior year figures have been reclassified, where necessary, to conform to the current year's presentation. Deficit for the previous year is not affected by this reclassification.