

Financial Statements

Birchmount Bluffs Neighbourhood Centre

Toronto, Ontario

March 31, 2020

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Independent Auditors' Report

To the Members of Birchmount Bluffs Neighbourhood Centre:

*Serving our clients
since 1944*

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, 2020 and the statements of reserve - equipment, reserve-emergency, accumulated surplus, 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, 2020, 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 Organization derives revenue from cash 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 Organization and we are not able to determine whether any adjustments might be necessary to contributions, surplus, and cash flows from operations for the years ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at March 31, 2020 and March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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:

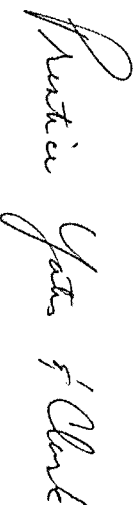
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 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.

Toronto, Ontario
September 3, 2020

A handwritten signature in black ink, appearing to read "Patricia Yates". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Licensed Public Accountants

Birchmount Bluffs Neighbourhood Centre

March 31, 2020

Statement of Financial Position		2020	2019
Current Assets			
Cash, Note 3	\$	309,244	\$ 87,388
Temporary investments, Note 3		29,169	36,354
Accounts receivable			
HST		9,188	9,653
Grants		7,421	13,043
Miscellaneous		3,727	300
Prepaid expenses		9,858	5,453
		368,607	152,191
Total Current			
Capital Asset, Note 4		0	1
Reserve Funds, Note 3		23,317	14,727

	391,924	166,919
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Approved by The Board

Director: Mamta Deshwar

Director: Sarwar Hossen

Birchmount Bluffs Neighbourhood Centre

March 31, 2020

	2020	2019
Statement of Financial Position		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 47,252	\$ 39,502
Government remittances	3,928	1,836
Deferred contributions, Note 9	277,110	55,535
Deferred revenue	19,428	26,729
Total Liabilities	347,718	123,602
Net Assets		
<i>Internally Restricted</i>		
Reserve - equipment, per statement, Note 5	14,727	14,727
Reserve - emergency, per statement, Note 5	8,590	0
<i>Unrestricted</i>		
Accumulated surplus, per statement	20,889	28,590
	44,206	43,317
	391,924	166,919

The notes on pages 11 through 17 form an integral part of these financial statements.

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2020

Statement of Reserve - Equipment	2020	2019
Balance beginning	\$ 14,727	\$ 14,727

Balance March 31	14,727	14,727
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Statement of Reserve - Emergency		
Balance beginning	0	0
Add		
Transfer from accumulated surplus	8,590	0

Balance March 31	8,590	0
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Statement of Accumulated Surplus		
Balance beginning	28,590	(5,287)
Add (deduct)		
Surplus	889	33,877
Transfer to emergency reserve	(8,590)	0

Balance March 31	20,889	28,590
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Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2020

Statement of Operations		2020	2019
Revenues			
Government grants			
Federal	\$		
Youth Employment Program		246,492	0
Other Federal Programs		44,001	22,515
Provincial		3,620	3,496
Municipal			
EarlyON, Note 10		140,974	127,714
Community Service Partnerships		89,315	87,408
Investment in Neighbourhood		70,813	35,807
Trustees programs, Note 7		16,830	28,144
Special project		0	15,000
Total government grants		612,045	320,084
Other grants and donations			
United Way, Note 8		159,522	197,516
Tippert Foundation		15,000	10,000
Donations		19,610	51,404
Fees for service, Note 6		181,679	172,229
Membership fees		10,373	11,187
Investment income		2,657	1,092
Fundraising		13,491	1,873
E-Bingo		34,556	0
Total Revenues		1,048,933	765,385
Expenses			
Salaries and staffing costs		702,556	468,065
Rent		7,276	0
Insurance		11,061	10,724
Staff development and training		3,049	2,645
Advertising and promotion		917	1,027
Interest and bank charges		6,253	4,779
Licenses and memberships		5,240	2,591
Program supplies		95,811	88,791
Materials and services		19,982	18,829
Amortization of computer database		1	0
Fitness instructors		99,472	101,916
Professional fees		23,372	31,216
Travel		11,476	925
Living expenses		61,578	0
Total Expenses		1,048,044	731,508
Surplus		889	33,877

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2020

	2020	2019
Statement of Cash Flows		
		Note 11
Operating Activities		
Surplus	\$ 889	\$ 33,877
Amortization	1	0
	890	33,877
Changes in Non-Cash Working Capital		
HST	465	(2,331)
Grants	5,622	(4,556)
Miscellaneous	(3,427)	200
Prepaid expenses	(4,405)	633
Accounts payable and accrued liabilities	7,750	(13,982)
Government remittances	2,092	(376)
Deferred contributions	221,575	(48,705)
Deferred revenue	(7,301)	2,078
	223,261	(33,162)
Cash Provided by (Used in) Operating Activities		
Investing Activities		
Increase in temporary investments	(1,405)	(731)
	(1,405)	(731)
Cash Used In Investing Activities		
Net cash increase (decrease) during the year	221,856	(33,893)
Cash position beginning of year	87,388	121,281
Cash Position End of Year	309,244	87,388

Birchmount Bluffs Neighbourhood Centre

March 31, 2020

Notes to Financial Statements

Status and Nature of Activities

Birchmount Bluffs Neighbourhood Centre (the "Organization") was incorporated without share capital under the laws of Ontario. The purpose of the Organization 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 Organization is a charitable organization within the meaning of the Income Tax Act.

Note 1

Significant Accounting Policies

Basis of Accounting

The Organization'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 Organization uses Canadian accounting standards for private enterprises. Outlined below are those policies considered particularly significant for the Organization.

Revenue Recognition

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

Government and other grants are recognized as revenue in the year in which the related expenses are incurred, and when the amount can be reasonably estimated and ultimate collection is reasonably assured.

Program revenues and fees for service 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.

Birchmount Bluffs Neighbourhood Centre

March 31, 2020

Note 1 Significant Accounting Policies - continued

Financial Instruments

(a) Measurement of Financial Instruments

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

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

Financial assets measured at amortized cost include cash, term deposits, temporary investments, and grants and miscellaneous receivables.

Financial liabilities measured at amortized cost include accounts payable.

(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.

Donated Services

The work of the Organization is dependent on the voluntary services of many members. Since these services are not normally purchased by the Organization and because of the difficulty of determining their fair value, they are not recognized in these financial statements.

Capital Assets

Capital assets are recorded at cost. Amortization is recorded on a straight line basis over the estimated useful life of the assets.

Birchmount Bluffs Neighbourhood Centre

March 31, 2020

Note 2

Financial Instruments

Risk Management Policy

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2020:

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 Organization is not exposed to significant credit risk.

Liquidity Risk

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

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 Organization manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Organization 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.

Birchmount Bluffs Neighbourhood Centre

March 31, 2020

Note 3 Cash, Investments and Reserve Funds

	2020	2019
Cash		
Petty cash	\$ 600	\$ 600
Operating current account	64,047	36,702
Savings account	244,597	50,086
	309,244	87,388
Investments		
Guaranteed investment certificates	52,486	51,081
	361,730	138,469
Composed of:		
Cash	309,244	87,388
Temporary investments	29,169	36,354
Amount required to fund reserve - restricted	23,317	14,727
	361,730	138,469

The average rate of return on cash and investments during the year was 1.9% (2019, 0.7%).

Note 4 Capital Asset

	2020	2019
At cost		
Computer database	\$ 0	\$ 10,394
Accumulated amortization	0	(10,393)
	0	1

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.

The emergency reserve is internally restricted by the Board of Directors. These funds can only be used in case of emergency expenditure as approved by the Board of Directors

Note 6 Fees for Service Revenue

Service revenue is comprised of the following:

	2020	2019
Fitness and wellness	\$ 125,056	\$ 111,819
Preschool	46,090	48,466
Active and able	6,772	8,903
Share365	3,761	3,041
	181,679	172,229

Birchmount Bluffs Neighbourhood Centre

March 31, 2020

Note 7 Trustees Program

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

	2020	2019
Resident Advisory Committee	\$ 0	\$ 2,536
Community Festivals	0	9,843
Waste Management Project	0	500
Toronto Public Health - Youth Leadership Project	16,830	3,318
Toronto Public Health - Diabetes Project	0	7,212
Bells on Danforth	0	4,735
	16,830	28,144

Note 8 United Way

United Way has approved funding to March 31, 2021 for the Organization.

Approved funding for the year was:

	2020	2019
EarlyON Program, Note 10	\$ 80,232	\$ 80,232
Youth Program	47,386	47,386
Administration	31,904	69,898
	159,522	197,516

Note 9 Deferred Contributions

	2020	2019
Balance, beginning of year	\$ 55,535	\$ 104,240
Contributions received	728,077	215,527
Revenue recognized	(506,502)	(264,232)
Balance, end of year	277,110	55,535

Birchmount Bluffs Neighbourhood Centre

March 31, 2020

Note 10 **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.

	2020	2019
Revenue		
City of Toronto	\$ 140,974	\$ 127,714
United Way	80,232	80,232
Donations	100	0
	221,306	207,946
Expenses		
Salaries	191,118	186,504
Insurance	2,888	3,403
Advertising	204	257
Training and development	1,269	414
Office	2,328	3,102
Professional fees	3,757	6,627
Program related	21,254	18,473
Contract staff	1,612	1,899
Miscellaneous	523	42
	224,953	220,721
	(3,647)	(12,775)

Note 11 **Classification**

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

Note 12 **Contingent Liability**

During the fiscal year, a claim of alleged wrongful termination was made against the Organization by a former employee. The claim has been referred to the Organization's insurer. The Board of Directors do not expect that the outcome of the claim will have a material and adverse effect on the Organization's financial position, the results of operations, or the ability to carry on any of its activities. Neither the outcome nor the amount of the potential settlement, if any, can be foreseen at this time.

Birchmount Bluffs Neighbourhood Centre

March 31, 2020

Note 13

Future Uncertainty Resulting from the Pandemic

There is significant uncertainty around the long-term economic and business consequences of COVID-19. Future membership and fee for service revenues may be negatively affected as a result of shut downs resulting from the pandemic. It is not possible to estimate the extent of the financial effects at this time.