

# **Financial Statements**

## **Birchmount Bluffs Neighbourhood Centre**

Toronto, Ontario

*March 31, 2021*

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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, 2021 and the statements of reserve - equipment, reserve-emergency, 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, 2021, 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, 2021 and March 31, 2020, current assets as at March 31, 2021 and March 31, 2020, and net assets as at March 31, 2021 and March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 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 2, 2021



Chartered Professional Accountants, Licensed Public Accountants

## Birchmount Bluffs Neighbourhood Centre

March 31, 2021

<b>Statement of Financial Position</b>	2021	2020
<b>Current Assets</b>		
Cash, Note 3	\$ 348,980	\$ 309,244
Temporary investments, Note 3	0	29,169
Accounts receivable		
HST	5,034	9,188
Grants	10,020	7,421
Miscellaneous	2,530	3,727
Prepaid expenses	11,408	9,858
<b>Total Current</b>	377,972	368,607
<b>Reserve Funds</b> , Note 3	223,317	23,317
	601,289	391,924

### Approved by The Board

Director: Mamta Deshwar

Director: Sarwar Hossen

## Birchmount Bluffs Neighbourhood Centre

*March 31, 2021*

<b>Statement of Financial Position</b>	2021	2020
		Restated, Note 12
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 62,644	\$ 68,794
Government remittances	3,904	3,928
Due to City of Toronto, Note 13	48,149	0
Deferred contributions, Note 9	129,996	277,110
Deferred revenue	3,707	19,428
	248,400	369,260
<b>Total Current</b>		
<b>Canada Emergency Business Account (CEBA) Loan</b> , Note 4	60,000	0
	308,400	369,260
<b>Total Liabilities</b>		
<b>Net Assets</b>		
<i>Internally Restricted</i>		
Reserve - equipment, per statement, Note 5	14,727	14,727
Reserve - emergency, per statement, Note 5	208,590	8,590
<i>Unrestricted</i>		
Accumulated surplus (deficit), per statement	69,572	(653)
	292,889	22,664
	601,289	391,924

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

## Birchmount Bluffs Neighbourhood Centre

*Year ended March 31, 2021*

### Statement of Reserve - Equipment

	2021	2020
Balance beginning	\$ 14,727	\$ 14,727
<b><i>Balance March 31</i></b>	<b>14,727</b>	<b>14,727</b>

### Statement of Reserve - Emergency

Balance beginning	8,590	0
Add		
Transfer from accumulated surplus	200,000	8,590
<b><i>Balance March 31</i></b>	<b>208,590</b>	<b>8,590</b>

### Statement of Accumulated Surplus (Deficit)

		Restated, Note 12
Balance beginning, as previously stated	20,889	28,590
Prior period adjustment, Note 12	(21,542)	(21,542)
Balance beginning	(653)	7,048
Add (deduct)		
Surplus	270,225	889
Transfer to emergency reserve	(200,000)	(8,590)
<b><i>Balance March 31</i></b>	<b>69,572</b>	<b>(653)</b>



## Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2021

<b>Statement of Operations</b>	2021	2020
<b>Revenues</b>		
Government grants		
Federal		
Youth Employment Program (YEP), Note 10	\$ 519,052	\$ 246,492
Canada Emergency Wage Subsidy (CEWS), Note 14	334,643	0
Other Federal Programs	2,189	44,001
Provincial	2,263	3,620
Municipal		
EarlyON, Note 11	71,895	140,974
Community Service Partnerships	91,155	89,315
Investment in Neighbourhood	17,918	70,813
Trustees programs, Note 7	1,642	16,830
Total government grants	1,040,757	612,045
Other grants and donations		
United Way, Note 8	159,522	159,522
Tippett Foundation	0	15,000
Donations	18,756	19,610
Fees for service, Note 6	17,207	181,679
Membership fees	4,927	10,373
Investment income	1,777	2,657
Fundraising	1,757	13,491
E-Bingo	9,853	34,556
<b>Total Revenues</b>	<b>1,254,556</b>	<b>1,048,933</b>
<b>Expenses</b>		
Salaries and staffing costs	688,239	702,556
Rent	0	7,276
Insurance	11,672	11,061
Staff development and training	7,098	3,049
Advertising and promotion	1,075	917
Interest and bank charges	4,280	6,253
Licenses and memberships	9,246	5,240
Program supplies	19,181	95,811
Materials and services	21,866	19,982
Amortization of computer database	0	1
Fitness instructors	9,387	99,472
Professional fees	36,439	23,372
Travel	1,249	11,476
Living expenses	152,354	61,578
Program incentives	22,245	0
<b>Total Expenses</b>	<b>984,331</b>	<b>1,048,044</b>
<b>Surplus</b>	<b>270,225</b>	<b>889</b>

## Birchmount Bluffs Neighbourhood Centre

*Year ended March 31, 2021*

<b>Statement of Cash Flows</b>	2021	2020
<b>Operating Activities</b>		
Surplus	\$ 270,225	\$ 889
Amortization	0	1
	270,225	890
<b>Changes in Non-Cash Working Capital</b>		
HST	4,154	465
Grants	(2,599)	5,622
Miscellaneous	1,197	(3,427)
Prepaid expenses	(1,550)	(4,405)
Accounts payable and accrued liabilities	(6,150)	7,750
Government remittances	(24)	2,092
Due to City of Toronto	48,149	0
Deferred contributions	(147,114)	221,575
Deferred revenue	(15,721)	(7,301)
	150,567	223,261
<b>Cash Provided by Operating Activities</b>		
<b>Investing Activities</b>		
Increase in temporary investments and restricted cash	(170,831)	(1,405)
	(170,831)	(1,405)
<b>Cash Used In Investing Activities</b>		
<b>Financing activities</b>		
CEBA loan	60,000	0
	60,000	0
<b>Cash Provided By Financing Activities</b>		
Net cash increase during the year	39,736	221,856
Cash position beginning of year	309,244	87,388
	348,980	309,244
<b>Cash Position End of Year</b>		

**Notes to Financial Statements**

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**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, E-Bingo 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 and fundraising 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.

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**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.

**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, 2021:

**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, 2021

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### Note 3 Cash, Investments and Reserve Funds

	2021	2020
<b>Cash</b>		
Petty cash	\$ 600	\$ 600
Operating current account	68,722	64,047
Savings account	409,647	244,597
	<u>478,969</u>	<u>309,244</u>
<b>Investments</b>		
Guaranteed investment certificates	93,328	52,486
	<u>572,297</u>	<u>361,730</u>
<b>Composed of:</b>		
Cash	348,980	309,244
Temporary investments	0	29,169
Amount required to fund reserve - restricted	223,317	23,317
	<u>572,297</u>	<u>361,730</u>

The average rate of return on cash and investments during the year was 0.4% (2020, 1.9%).

### Note 4 CEBA Loan

The organization received a \$60,000 Canada Emergency Business Account (CEBA) interest free loan from the Government of Canada to finance expenses as a result of COVID-19. No minimum monthly principal payments are required until December 31, 2022. 33% of the loan is eligible for loan forgiveness if the outstanding balance of the loan is repaid on or before December 31, 2022. If the loan is not repaid by this date, it can be converted into a 3 year term loan with a 5% interest rate. As of year-end, no amounts have been repaid.

### 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

## Birchmount Bluffs Neighbourhood Centre

*March 31, 2021*

**Note 6 Fees for Service Revenue**

Service revenue is comprised of the following:

	2021	2020
Fitness and wellness	\$ 6,188	\$ 125,056
Preschool	10,871	46,090
Active and able	148	6,772
SHARE365	0	3,761
	17,207	181,679

**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:

	2021	2020
Resident Advisory Committee	\$ 1,642	\$ 0
Toronto Public Health - Youth Leadership Project	0	16,830
	1,642	16,830

**Note 8 United Way**

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

Approved funding for the year was:

	2021	2020
EarlyON Program, Note 11	\$ 80,232	\$ 80,232
Youth Program	47,386	47,386
Administration	31,904	31,904
	159,522	159,522

**Note 9 Deferred Contributions**

	2021	2020
Balance, beginning of year	\$ 277,110	\$ 55,535
Contributions received	590,737	728,077
Revenue recognized	(737,851)	(506,502)
Balance, end of year	129,996	277,110

## Birchmount Bluffs Neighbourhood Centre

*March 31, 2021*

### Note 10 **Youth Employment Program**

The following is a summary of operations of the Youth Employment Program which is fully funded by the Government of Canada. The original program ran from August 2019 to August 2020. During the year a new agreement was signed to provide funding of up to \$1,800,000 from August 2020 to May 2023.

	2021	2020
<b>Revenue</b>		
	\$ 519,052	\$ 246,492
<b>Expenses</b>		
Salaries	312,452	139,988
Participants cost	187,690	99,200
Project costs	8,804	3,049
Other	2,064	1,098
Professional fees	4,760	802
Office and program supplies	2,251	1,230
Travel and transportation	1,031	1,125
	519,052	246,492

### Note 11 **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.

	2021	2020
<b>Revenue</b>		
City of Toronto	\$ 71,895	\$ 140,974
United Way	80,232	80,232
Donations	0	100
	152,127	221,306
<b>Expenses</b>		
Salaries	171,507	191,118
Insurance	3,969	2,888
Advertising	320	204
Training and development	0	1,269
Office	2,798	2,328
Professional fees	7,399	3,757
Program related	13,558	21,254
Contract staff	0	1,612
Miscellaneous	0	523
	199,551	224,953
	(47,424)	(3,647)



**Note 12      Prior Period Adjustment**

In prior years unused vacation at year-end was not accrued. As a result the figures from the prior year were required to be restated. The restatement resulted in an increase to accounts payable and accrued liabilities by \$21,524 and a decrease the prior year opening accumulated surplus by the same amount. There was no effect on the the surplus from the previous year.

**Note 13      City of Toronto Payable**

The organization has administered the EarlyON Child & Family Centre programs (formerly Family Resource Centre) for several years. The City of Toronto is one of the funders of the program and require the contract be negotiated annually.

During 2020, as per the Canada Emergency Wage Subsidy (CEWS) guidelines, the organization applied and received from the federal program wage subsidies. The City, as funders of the EarlyON program has requested that \$48,149 of the subsidy received under the federal program be paid to the City. The organization has accrued the forty-eight thousand in its 2020/2021 financials, however it has appealed this claim. The matter is ongoing and will extend into fiscal 2021/2022.

**Note 14      Future Uncertainty Resulting from the Pandemic**

There is significant uncertainty around the long-term economic and business consequences of COVID-19. The Organization's site was closed during from March 13, 2020 to September 1, 2020, and programming was moved to a virtual forum. Future membership and fee for service revenues may continue to be negatively affected as a result of shut downs resulting from the pandemic. During the year, Organization applied for and received the Canada Emergency Wage Subsidy as well as the Canada Emergency Business Account loan to assist with the effects of COVID-19. It is not possible to estimate the extent of the financial effects at this time.