

Financial Statements

Birchmount Bluffs Neighbourhood Centre

Toronto, Ontario

March 31, 2022

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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, 2022 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, 2022, 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, 2022 and March 31, 2021, current assets as at March 31, 2022 and March 31, 2021, and net assets as at March 31, 2022 and March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2021 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
July 6, 2022



Chartered Professional Accountants, Licensed Public Accountants

Birchmount Bluffs Neighbourhood Centre

March 31, 2022

Statement of Financial Position	2022	2021
Current Assets		
Cash, Note 3	\$ 715,883	\$ 348,980
Temporary investments, Note 3	70,804	0
Accounts receivable		
HST	6,014	5,034
Grants	5,712	10,020
Miscellaneous	10,393	2,530
Prepaid expenses	11,576	11,408
Total Current	820,382	377,972
Reserve Funds , Note 3	223,317	223,317
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	1,043,699	601,289

Approved by The Board

Director: Martha Shephard

Director: Prodip Stanley Gomes

Birchmount Bluffs Neighbourhood Centre

March 31, 2022

Statement of Financial Position	2022	2021
Current Liabilities		
Accounts payable and accrued liabilities	\$ 193,536	\$ 62,644
Government remittances	6,540	3,904
Due to City of Toronto, Note 11	33,249	48,149
Deferred contributions, Note 8	335,273	129,996
Deferred revenue	6,786	3,707
Total Current	575,384	248,400
Canada Emergency Business Account (CEBA) Loan	40,000	60,000
Total Liabilities	615,384	308,400
Net Assets		
<i>Internally Restricted</i>		
Reserve - equipment, per statement, Note 5	14,727	14,727
Reserve - emergency, per statement, Note 5	208,590	208,590
<i>Unrestricted</i>		
Accumulated surplus, per statement	204,998	69,572
	428,315	292,889
	1,043,699	601,289

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

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2022

Statement of Reserve - Equipment

	2022	2021
Balance beginning	\$ 14,727	\$ 14,727
Balance March 31	14,727	14,727

Statement of Reserve - Emergency

Balance beginning	208,590	8,590
Add		
Transfer from accumulated surplus	0	200,000
Balance March 31	208,590	208,590

Statement of Accumulated Surplus

Balance beginning	69,572	(653)
Add (deduct)		
Surplus	135,426	270,225
Transfer to emergency reserve	0	(200,000)
Balance March 31	204,998	69,572

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2022

Statement of Operations	2022	2021
Revenues		
Government grants		
Federal		
Youth Employment Program (YEP), Note 9	\$ 721,621	\$ 519,052
Canada Emergency Wage Subsidy (CEWS), Note 12	111,505	334,643
Other Federal Programs	36,505	2,189
Provincial	3,620	2,263
Municipal		
EarlyON, Note 10	104,071	71,895
Community Service Partnerships	92,070	91,155
Community Cluster	65,000	0
Neighbourhood Pods	37,350	0
Investment in Neighbourhood	20,916	17,918
Trustees programs	0	1,642
Total government grants	1,192,658	1,040,757
Other grants and donations		
United Way, Note 7	143,570	159,522
Tippett Foundation	15,054	0
Donations	26,156	18,756
Fees for service, Note 6	88,222	17,207
Membership fees	5,053	4,927
CEBA loan forgiveness, Note 4	20,000	0
Investment income	1,654	1,777
Fundraising	160	1,757
E-Bingo	72,760	9,853
Total Revenues	1,565,287	1,254,556
Expenses		
Salaries and staffing costs	829,933	688,239
Insurance	15,021	11,672
Staff development and training	9,330	7,098
Advertising and promotion	1,112	1,075
Interest and bank charges	5,986	4,280
Licenses and memberships	9,685	9,246
Program supplies	130,284	19,181
Materials and services	23,748	21,866
Fitness instructors	41,547	9,387
Professional fees	81,427	36,439
Travel	7,063	1,249
Living expenses	255,597	152,354
Program incentives	19,128	22,245
Total Expenses	1,429,861	984,331
Surplus	135,426	270,225

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2022

Statement of Cash Flows	2022	2021
Operating Activities		
Surplus	\$ 135,426	\$ 270,225
Item not affecting cash		
CEBA loan forgiveness	(20,000)	0
	115,426	270,225
Changes in Non-Cash Working Capital		
HST	(980)	4,154
Grants	4,308	(2,599)
Miscellaneous	(7,863)	1,197
Prepaid expenses	(168)	(1,550)
Accounts payable and accrued liabilities	130,892	(6,150)
Government remittances	2,636	(24)
Due to City of Toronto	(14,900)	48,149
Deferred contributions	205,277	(147,114)
Deferred revenue	3,079	(15,721)
	437,707	150,567
Cash Provided by Operating Activities		
Investing Activities		
Increase in temporary investments and restricted cash	(70,804)	(170,831)
	(70,804)	(170,831)
Cash Used In Investing Activities		
Financing Activities		
CEBA loan	0	60,000
	0	60,000
Cash Provided By Financing Activities		
Net cash increase during the year	366,903	39,736
Cash position beginning of year	348,980	309,244
	715,883	348,980
Cash Position End of Year		

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, 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.

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, 2022:

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.

The effective interest rate realized on long term investments during the year varied from 0.65% to 0.95%. The average interest rate was 0.8%. These investments have maturity dates between 31 May, 2023 and 31 May, 2026.

Birchmount Bluffs Neighbourhood Centre

March 31, 2022

Note 3 Cash, Investments and Reserve Funds

	2022	2021
Cash		
Petty cash	\$ 600	\$ 600
Operating current account	455,239	68,722
Savings account	260,044	409,647
	715,883	478,969
Investments		
Guaranteed investment certificates	134,121	93,328
Long-Term Investments		
Guaranteed investment certificates	160,000	0
	1,010,004	572,297
Composed of:		
Cash	715,883	348,980
Temporary investments	70,804	0
Amount required to fund reserve - restricted	223,317	223,317
	1,010,004	572,297

The average rate of return on cash and investments during the year was 0.2% (2021, 0.4%).

Note 4 CEBA Loan

The Organization received a \$60,000 Canada Emergency Business Account (CEBA) interest free loan Alterna Savings on behalf of the Government of Canada to finance expenses as a result of COVID-19. No minimum monthly principal payments are required until December 31, 2023. 33% of the loan is eligible for loan forgiveness if the outstanding balance of the loan is repaid on or before December 31, 2023. The Organization is of the opinion that they will repay the loan by the due date and has taken the \$20,000 loan forgiveness into income. 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, 2022

Note 6 Fees for Service Revenue

Service revenue is comprised of the following:

	2022		2021
Fitness and wellness	\$ 65,260	\$	6,188
Preschool	22,264		10,871
Active and able	698		148
	<u>88,222</u>		<u>17,207</u>

Note 7 United Way

United Way has approved funding to March 31, 2022 for the Organization.

Approved funding for the year was:

	2022		2021
EarlyON Program, Note 10	\$ 72,208	\$	80,232
Youth Program	42,647		47,386
Administration	28,715		31,904
	<u>143,570</u>		<u>159,522</u>

Note 8 Deferred Contributions

	2022		2021
Balance, beginning of year	\$ 129,996	\$	277,110
Contributions received	1,276,385		590,737
Revenue recognized	(1,071,108)		(737,851)
Balance, end of year	<u>335,273</u>		<u>129,996</u>

Birchmount Bluffs Neighbourhood Centre

March 31, 2022

Note 9 Youth Employment Program

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

	2022	2021
Revenue		
Youth Employment Strategy for Skills - YESS	\$ 494,626	\$ 519,052
YESS - Fall Economic Statement	226,995	0
	721,621	519,052
Expenses		
Salaries	232,057	312,452
Participants cost	471,851	187,690
Project costs	3,561	8,804
Other	6,887	2,064
Professional fees	3,914	4,760
Office and program supplies	3,196	2,251
Travel and transportation	155	1,031
	721,621	519,052
	0	0

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.

	2022	2021
Revenue		
City of Toronto	\$ 104,071	\$ 71,895
United Way	72,208	80,232
	176,279	152,127
Expenses		
Salaries	168,571	171,507
Insurance	3,617	3,969
Advertising	254	320
Training and development	2,007	0
Office	4,713	2,798
Professional fees	2,092	7,399
Program related	6,739	13,558
	187,993	199,551
	(11,714)	(47,424)

Note 11 City of Toronto Payable

The organization has administered the EarlyON Child and 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 2021, 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 had requested that \$48,149 of the subsidy recieved under the federal program be paid to the City in the prior fiscal year. In the current fiscal year, the City has requested that \$33,249 of the subsidy received under the federal program be paid to the City.

Note 12 Future Uncertainty Resulting from the Pandemic

There is significant uncertainty around the long-term economic and business consequences of COVID-19. During the year, Organization applied for and received the Canada Emergency Wage Subsidy to assist with the effects of COVID-19. The Organization qualified for Canada Emergency Wage Subsidy until October 2021. It is not possible to estimate the extent of the financial effects at this time.