

# **Financial Statements**

**Birchmount Bluffs Neighbourhood Centre**

Toronto, Ontario

*March 31, 2014*

## Contents

Independent Auditors' Report.....	3 - 4
Statement of Financial Position.....	5 - 6
Statement of Reserve - Equipment.....	7
Statement of Reserve - Share Christmas.....	7
Statement of Accumulated Surplus.....	7
Statement of Operations.....	8
Statement of Cash Flows.....	9
Notes to Financial Statements.....	10 - 16

## **Independent Auditors' Report**

### **To the Members of Birchmount Bluffs Neighbourhood Centre:**

We have audited the accompanying financial statements of Birchmount Bluffs Neighbourhood Centre, which comprise the statement of financial position as at March 31, 2014 and the statements of reserve - equipment, reserve - Share Christmas, accumulated surplus, operations and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Board of Directors' Responsibility for the Financial Statements**

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements 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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

continued...

## Independent Auditors' Report - continued

### 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 organization and we are not able to determine whether any adjustments might be necessary to revenue, surplus, current assets and net assets.

### Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Birchmount Bluffs Neighbourhood Centre as at March 31, 2014 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.

Toronto, Ontario  
September 2, 2014



Chartered Accountants, Licensed Public Accountants

## Birchmount Bluffs Neighbourhood Centre

March 31, 2014

<b>Statement of Financial Position</b>	2014	2013
<b>Current Assets</b>		
Cash and temporary investments, Note 3	\$ 241,208	\$ 83,454
Accounts receivable		
HST	15,211	14,887
Grants	21,022	62,066
Miscellaneous	388	1,034
Prepaid expenses	7,363	8,221
<b>Total Current</b>	285,192	169,662
<b>Capital Asset</b> , Note 4	2,598	5,197
<b>Reserve Funds</b> , Note 3	57,349	54,267
	<hr/>	<hr/>
	345,139	229,126

### Approved by The Board

Penny Reid

Chairperson

Pixley Bailey

Treasurer

## Birchmount Bluffs Neighbourhood Centre

March 31, 2014

<b>Statement of Financial Position</b>	2014	2013
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 64,949	\$ 63,067
Deferred revenue	168,834	102,323
	<hr/>	<hr/>
<b>Total Liabilities</b>	233,783	165,390
	<hr/>	<hr/>
<b>Net Assets</b>		
<i>Internally Restricted</i>		
Equipment reserve, per statement, Note 5	14,727	14,727
Share Christmas reserve, per statement, Note 5	42,622	39,540
<i>Unrestricted</i>		
Accumulated surplus, per statement	54,007	9,469
	<hr/>	<hr/>
	111,356	63,736
	<hr/>	<hr/>
	345,139	229,126
	<hr/>	<hr/>

The notes on pages 10 through 16 form an integral part of these financial statements.

## Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2014

### Statement of Reserve - Equipment

	2014	2013
Balance beginning	\$ 14,727	\$ 14,727
<b>Balance March 31</b>	<b>14,727</b>	<b>14,727</b>

### Statement of Reserve - Share Christmas

Balance beginning	39,540	32,921
Add		
Transfer from accumulated surplus	3,082	6,619
<b>Balance March 31</b>	<b>42,622</b>	<b>39,540</b>

### Statement of Accumulated Surplus

Balance beginning	9,469	(24,555)
Add (deduct)		
Surplus	47,620	40,643
Transfer to share Christmas reserve	(3,082)	(6,619)
<b>Balance March 31</b>	<b>54,007</b>	<b>9,469</b>

## Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2014

<b>Statement of Operations</b>	2014	2013
<b>Revenues</b>		
Programs, Note 7	\$ 187,338	\$ 213,872
Donations and fundraising	56,287	29,331
Investment income	748	508
Grants		
City of Toronto, Note 8	330,431	268,711
United Way	215,180	210,180
Service Canada		
Youth	350,581	293,520
Seniors - New Horizons	19,205	0
YMCA summer student exchange	6,242	6,458
West Scarborough	24,040	24,040
Ontario Trillium		
Volunteer and Fund Development	2,035	89,703
Bengali Tamil Seniors Recreation Program	27,047	0
Bridges 2 Health- Provincial Grant	0	10,490
Scarborough Women's Centre	1,000	1,500
Toronto Community Foundation	911	0
Membership fees	17,979	18,284
Share Christmas	104,056	112,128
<b>Total Revenues</b>	<b>1,343,080</b>	<b>1,278,725</b>
<b>Expenses</b>		
Salaries and benefits	968,043	886,448
Professional and consulting fees	97,065	137,608
Materials and Services	160,973	146,201
Occupancy cost	25,795	25,458
Insurance	10,334	10,309
Interest and bank charges	8,084	8,615
Transportation and travel	11,972	10,520
Education and training	6,280	6,717
Amortization of computer database	2,599	2,599
Advertising	2,361	1,321
Membership dues	1,954	2,286
<b>Total Expenses</b>	<b>1,295,460</b>	<b>1,238,082</b>
<b>Surplus</b>	<b>47,620</b>	<b>40,643</b>



## Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2014

<b>Statement of Cash Flows</b>	2014	2013
<b>Operating Activities</b>		
Surplus	\$ 47,620	\$ 40,643
<b>Item not affecting cash</b>		
Amortization of capital asset	2,599	2,599
	<u>50,219</u>	<u>43,242</u>
<b>Changes in Non-Cash Working Capital</b>		
Accounts receivable	41,366	(20,943)
Prepaid expenses	858	(1,253)
Accounts payable and accrued liabilities	1,883	3,654
Deferred revenue	66,510	(21,662)
	<u>160,836</u>	<u>3,038</u>
<b>Cash Provided By Operating Activities</b>	160,836	3,038
Cash position beginning of year	137,721	134,683
	<u>298,557</u>	<u>137,721</u>
<b>Cash Position End Of Year</b>	298,557	137,721

**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. 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 Share Christmas 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 Corporation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

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, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

**Allocation of expenses**

Expenses are allocated to programs based on proration of funding received. Refer to Note 6 for the details of the allocations.

**Note 1      Significant Accounting Policies - continued**

**Use of Estimates**

The preparation of financial statements requires the Board of Directors 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, 2014.

**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.

**Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices. 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:

**(i) 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 interest rate on cash and investments during the year was 1.2% (2013, 1.0%).

## Birchmount Bluffs Neighbourhood Centre

March 31, 2014

**Note 2      Financial Instruments - continued**

**(ii) Foreign Currency Risk**

The Corporation's functional currency is the Canadian dollar. The Corporation does not engage in any activities in foreign currency and as a result it is the opinion of management that the Corporation is not exposed to significant foreign currency risk.

**(iii) Commodity Price Risk**

The Corporation is subject to normal price risk associated with consumer products.

**Note 3      Cash, Investments and Reserve Funds**

	2014	2013
<b>Cash</b>		
Petty cash	\$ 3,574	\$ 2,569
Operating current account	94,663	35,152
<b>Temporary Investments</b>		
Guaranteed investment certificates	200,320	100,000
	298,557	137,721
<b>Composed of:</b>		
Amount required to fund reserves	57,349	54,267
Unrestricted cash and temporary investments	241,208	83,454
	298,557	137,721

**Note 4      Capital Asset**

	2014	2013
At cost		
Computer database	\$ 10,394	\$ 10,394
Accumulated amortization	(7,796)	(5,197)
	2,598	5,197

**Note 5      Restrictions on Net Assets**

The Share Christmas reserve is internally restricted by the Board of Directors. These funds can only be used for Share Christmas activities.

The equipment reserve was established by the Board of Directors for funding future major equipment purchases, including computer replacements. These funds can only be used for capital purchases approved by the Board of Directors.

## Birchmount Bluffs Neighbourhood Centre

March 31, 2014

### Note 6 Allocation of Expenses

Total expenses during the year totaled \$1,295,460 (2013 - \$1,238,082) and have been allocated as follows:

	2014	2013
<b>Program expenses</b>		
Early years	\$ 25,945	\$ 26,273
Fitness and wellness	95,269	101,023
Major recreation	24,330	20,292
Nursery school	46,149	47,753
Summer camp	15,818	21,151
	207,511	216,492
<b>Grant expenses</b>		
Ontario Trillium Grant		
Volunteer and Fund Development	2,664	91,677
Bengali Tamil Seniors Recreation Program	27,179	0
Volunteer Development - BBNC	16,255	0
United Way	136,350	148,054
Community Service Partnership Grant	66,962	71,663
Service Canada		
Youth	339,040	288,480
Seniors - New Horizons	21,471	0
Bridges 2 Health	0	10,949
Family Resource Center, Note 9	87,970	89,225
Access, Equity and Human Rights		
Bridges 2 Community	0	10,591
Project Real Talk	0	2,512
Toronto Community Foundation	1,035	0
Project Thru Our Eyes	5,477	1,603
Community Recreation and Investments	12,906	0
Community Festivals and Special Events	5,429	0
INI		
BBNC - T Mindz	6,829	0
BBNC (In Trust) - Step 416	2,263	0
EE-KP (In Trust) - Social Development and Investment	46,563	7,021
Investment in Neighbourhood	86,721	93,281
YDI Donation Grants Expenses		
Intact Foundation	9,332	0
Tippet Foundation	2,270	0
	876,716	815,056
<b>Administrative expenses</b>		
Administrative overhead	104,413	96,831
Direct fundraising cost	5,846	4,194
Share Christmas	100,974	105,509
	211,233	206,534
	1,295,460	1,238,082

## Birchmount Bluffs Neighbourhood Centre

*March 31, 2014*

**Note 7      Program Revenue**

Program revenue is comprised of the following:

	2014	2013
Fitness and wellness	\$ 116,643	\$ 141,468
Nursery school	43,265	44,593
Infant and child	15,451	19,299
Good food share	4,814	4,832
Older adults	742	1,250
Integrated/adapted	1,850	1,612
Administration	779	465
Youth	3,794	353
	187,338	213,872

**Note 8      City of Toronto Grants**

City of Toronto grants is comprised of the following:

	2014	2013
Community Service Partnership	\$ 63,195	\$ 60,759
Major Recreation	15,480	14,883
Family Resource Centre, Note 9	87,835	87,000
Access, Equity and Human Rights		
Bridges 2 Community	0	9,504
Project Real Talk	0	2,513
Thru our Eyes-Grant	5,477	1,603
Investment in Neighbourhood	84,454	85,428
EE-KP (Trust)	46,563	7,021
Community Recreations	12,906	0
Community Festivals	5,429	0
INI		
BBNC - TMindz	6,829	0
BBNC (In Trust) - Step416	2,263	0
	330,431	268,711

## Birchmount Bluffs Neighbourhood Centre

March 31, 2014

---

### Note 9 Family Resource Centre Operations

The following is a summary of operations of the Family Resource Centre, which is funded by the City of Toronto:

	2014	2013
<b>Revenue</b>		
Base grant	\$ 75,574	\$ 74,133
Wage subsidy	8,624	8,624
Fees collected for services	3,637	4,243
	<u>87,835</u>	<u>87,000</u>
<b>Expenses, Note 6</b>		
Salaries	67,010	68,910
Insurance	850	924
Advertising	40	37
Training and development	87	44
Office	3,135	1,778
Professional fees	750	656
Program related	2,684	2,396
Miscellaneous	903	587
Salaries - administration	10,913	11,883
Temporary staffing	1,598	2,010
	<u>87,970</u>	<u>89,225</u>
	<u>(135)</u>	<u>(2,225)</u>

### Note 10 Commitment

The Corporation has signed a commercial lease agreement in a prior year for the leasing of its office space, with Mitra Dadras. The monthly amount due includes a flat rate for taxes. Future minimum monthly payment requirements are as follows, with a 2% increase at the beginning of each lease year:

October 1, 2011 - September 30, 2016      \$      2,147 plus HST