

**WESTON KING NEIGHBOURHOOD CENTRE**

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**Financial Statements**

**Year Ended December 31, 2021**

# WESTON KING NEIGHBOURHOOD CENTRE

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Weston King Neighbourhood Centre

### *Qualified Opinion*

We have audited the Centre's financial statements of Weston King Neighbourhood Centre (the Centre), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the Centre's financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2021, and its results of operations and its 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 non-for-profit organizations, the Centre derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenue was limited to the amounts recorded in the records of the centre and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the Centre's 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 audit opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the Centre's 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 Centre's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Centre's financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Independent Auditor's Report to the Members of Weston King Neighbourhood Centre *(continued)*

*Auditor's Responsibilities for the Audit of the Centre's Financial Statements*

Our objectives are to obtain reasonable assurance about whether the Centre's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Centre's 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 Centre's 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 the Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 the 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 auditor's report to the related disclosures in the Centre's 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 auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Centre's financial statements, including the disclosures, and whether the Centre's 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.

*NVS Professional Corporation*

NVS Professional Corporation  
Chartered Professional Accountants  
Authorized to practise public accounting by  
Chartered Professional Accountants of Ontario

Markham, Ontario  
September 20, 2022

# WESTON KING NEIGHBOURHOOD CENTRE

## Statement of Financial Position

December 31, 2021

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 55,448	\$ 122,914
Accounts Receivable	3,473	954
HST Recoverable	4,457	15,649
Prepaid Expenses	1,525	16,039
	<u>64,903</u>	155,556
<b>CAPITAL ASSETS (Note 3)</b>	<u>14,171</u>	16,836
	<u>\$ 79,074</u>	\$ 172,392
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts Payable	\$ 26,691	\$ 41,188
Deferred Operating Grants (Note 4)	16,047	33,601
	<u>42,738</u>	74,789
<b>DEFERRED CAPITAL CONTRIBUTIONS (Note 5)</b>	<u>7,062</u>	10,879
	<u>49,800</u>	85,668
<b>NET ASSETS</b>	<u>29,274</u>	86,724
	<u>\$ 79,074</u>	\$ 172,392

**APPROVED BY SOLE DIRECTOR**

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Director

See notes to financial statements

# WESTON KING NEIGHBOURHOOD CENTRE

## Statement of Revenues and Expenditures

Year Ended December 31, 2021

	2021	2020
<b>REVENUES</b>		
Grant Revenue (Note 6)	\$ 435,847	\$ 565,903
Donations	29,773	33,760
Amortization of Deferred contributions (Note 5)	3,817	29,827
Miscellaneous Income	19,631	4,364
Donations-in-Kind (Note 7)	285,094	376,805
Government Assistance (Note 8)	-	24,418
	<u>774,162</u>	<u>1,035,077</u>
<b>EXPENSES</b>		
Amortization (Note 3)	6,199	31,529
Administrative Expenses	9,543	12,770
Professional Fees	36,702	74,057
Rental	59,746	59,872
Salaries and Benefits	359,809	371,941
Telecommunications	1,233	2,986
Program Cost	73,286	70,535
Donations-in-Kind (Note 7)	285,094	376,805
	<u>831,612</u>	<u>1,000,495</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ (57,450)</u>	<u>\$ 34,582</u>

See notes to financial statements

# WESTON KING NEIGHBOURHOOD CENTRE

## Statement of Changes in Net Assets

Year Ended December 31, 2021

	2021	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 86,724</b>	<b>\$ 52,142</b>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>(57,450)</u>	<u>34,582</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 29,274</u></b>	<b><u>\$ 86,724</u></b>

See notes to financial statements

# WESTON KING NEIGHBOURHOOD CENTRE

## Statement of Cash Flows Year Ended December 31, 2021

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (57,450)	\$ 34,582
Item not affecting cash:		
Amortization of capital assets	6,199	31,529
	<u>(51,251)</u>	<u>66,111</u>
Changes in non-cash working capital:		
Accounts Receivable	(2,520)	15,904
HST Recoverable	11,192	(10,582)
Grand Receivable	-	8,474
Accounts Payable	(14,498)	21,752
Deferred Operating Grants	(17,554)	33,601
Prepaid Expenses	14,514	(13,962)
	<u>(8,866)</u>	<u>55,187</u>
Cash flow from (used by) operating activities	<u>(60,117)</u>	<u>121,298</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(3,533)</u>	<u>-</u>
<b>FINANCING ACTIVITY</b>		
Deferred income	<u>(3,816)</u>	<u>(29,828)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(67,466)</b>	<b>91,470</b>
Cash - beginning of year	<u>122,914</u>	<u>31,444</u>
<b>CASH - END OF YEAR</b>	<b>\$ 55,448</b>	<b>\$ 122,914</b>

See notes to financial statements

# WESTON KING NEIGHBOURHOOD CENTRE

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## Notes to Financial Statements

Year Ended December 31, 2021

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### 1. PURPOSE OF THE CENTRE:

The Weston King Neighbourhood Centre (the "Centre") was incorporated without share capital under the laws of the Province of Ontario as a not-for-profit organization and is a registered charitable organization with a registered charity number of 875484917 RR 0001. As such, it is not subject to income taxes.

The Centre operates to provide assistance to people within its community who struggle to integrate in society due to economic or social barriers.

The uncertainties around the outbreak of the COVID-19 pandemic required the use of significant judgment and estimates. As at December 31, 2021, the Centre has not noted any significant impairment as a result of COVID-19. The uncertain future impact of COVID-19 could generate, in future reporting periods, a significant risk of material adjustments to the carrying amount of: accounts receivable, government authorities' loans, payables and other loans. As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Centre's financial condition, operations and financial results are subject to significant uncertainty

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of presentation**

The Centre's financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). Outlined below are those policies that are considered particularly significant.

#### **Revenue recognition**

The Centre follows the deferral method of accounting for grants. Grants are recognized as revenue in the same period as the related expenditures. Grants received prior to the year to which they apply are deferred.

Donations are recorded as revenue when received.

Other revenue are recognized as revenue in the period in which they are earned.

#### **Capital assets**

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Leasehold Improvements	5 year Straight-line over remaining term of lease
Kitchen and Other Appliance	5 year Straight-line basis
Office Furniture	5 year Straight-line basis

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# WESTON KING NEIGHBOURHOOD CENTRE

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## Notes to Financial Statements

Year Ended December 31, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Centre regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use. The Centre follows a policy of capitalizing expenditures that exceed \$2,500 and are capital in nature.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital assets exceeds its fair value.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Significant items subject to such estimates and assumptions include the useful lives of capital assets, and year-end accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future

#### **Deferred Capital Contribution**

Contributions received towards the purchase of capital assets are deferred and amortized into income on the same basis as the related capital assets are depreciated.

#### **Income taxes**

The Centre is a not-for-profit organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

#### **Contributed Service**

Due to the difficulty of determining the fair value of services provided by volunteers, contributed services are not recognized in these financial statements.

#### **Financial instruments policy**

The Centre initially records all financial instruments at fair market value, and subsequently records them at amortized cost.

The Centre's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities.

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# WESTON KING NEIGHBOURHOOD CENTRE

## Notes to Financial Statements

Year Ended December 31, 2021

### 3. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Kitchen and Other Appliances - cost	\$ 74,210	\$ 60,402	\$ 13,808	\$ 16,327
Furniture and fixtures	8,050	7,687	363	509
Leasehold improvements	204,014	204,014	-	-
	<u>\$ 286,274</u>	<u>\$ 272,103</u>	<u>\$ 14,171</u>	<u>\$ 16,836</u>

Amortization for the year amounted to \$6,199 (2020 - \$31,529)

### 4. DEFERRED OPERATING GRANTS:

Deferred Operating Grants are summarized as follows:

	2021	2020
TD Friends of the Environment Foundation	2,000	-
Hearing First Clinic	1,000	-
City of Toronto - Vaccine Engagement	13,047	-
Service Canada - New Horizons for Seniors	-	7,000
United Way of Greater Toronto - ECSF	-	13,301
The Sprott Foundation	-	13,300
Total Deferred Operating Grant	<u>\$ 16,047</u>	<u>\$ 33,601</u>

Continuity of Deferred Operating Grants for the years is as follow:

	2021	2020
Deferred Operating Grants, beginning of Year	\$ 33,601	\$ -
Add - Received/Receivable during the year	418,293	599,504
Less - Grant revenue recognized in the Year (Note 6)	<u>(435,847)</u>	<u>(565,903)</u>
Deferred Operating Grant, End of Year	<u>\$ 16,047</u>	<u>\$ 33,601</u>

# WESTON KING NEIGHBOURHOOD CENTRE

## Notes to Financial Statements

Year Ended December 31, 2021

### 5. DEFERRED CAPITAL CONTRIBUTIONS

Capital Renovations are funded by the following capital grants:

	<u>2021</u>	<u>2020</u>
City of Toronto - Health and Safety	\$ 29,075	\$ 29,075
City of Toronto Homelessness Partnering Strategy	38,850	38,850
Ontario Trillium Foundation	144,343	144,343
Mt. Dennis United Church	61,962	61,962
	<u>\$ 274,230</u>	<u>\$ 274,230</u>

Deferred Capital Contributions are summarised as follows

Deferred Capital Contributions	\$ 274,230	\$ 274,230
Less:Amortization of Deferred contribution	<u>(267,168)</u>	<u>(263,351)</u>
	<u>\$ 7,062</u>	<u>\$ 10,879</u>

Amortization for the year amounted to \$3,817 (2020 - \$29,827)

### 6. GRANT REVENUE:

Grant Revenue recognized in the year is as follows:

	<u>2021</u>	<u>2020</u>
City of Toronto - CHPI Housing Support	\$ 68,800	\$ 68,800
City of Toronto - CHPI Drop-in Services	176,750	176,314
City of Toronto -Investing in Neighbourhood (IIN)	4,556	61,115
City of Toronto - COVID-19 Pandemic Relief	5,000	35,000
Service Canada - New Horizons for Seniors	7,000	17,000
Canada Summer Jobs	39,179	34,320
Shining Waters Regional Council (Southwest Presbytery of United Church of Canada)	57,000	51,000
United Way of Greater Toronto - ECSF	15,923	35,395
Mazon Canada.	2,625	3,000
City of Toronto - Vaccine Engagement.	23,194	-
City of Toronto - Indoor Spacing Drop-in	35,820	-
Toronto Foundation - Better Coalition Fund	-	10,000
Miziwe Biik Aboriginal Employment and Training	-	17,759
P&L Odette Charitable foundation	-	10,000
The Sprott foundation	-	6,700
Toronto Foundation - Vital Signs	-	10,000
The Peter Gilgan Foundation	-	10,000
Second Harvest - Emergency Fund	-	19,500
	<u>\$ 435,847</u>	<u>\$ 565,903</u>

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# WESTON KING NEIGHBOURHOOD CENTRE

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## Notes to Financial Statements

Year Ended December 31, 2021

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### 7. DONATIONS - IN-KIND

The Centre is in receipt of donations-in-kind with respect to food and other goods as follows. These in-kind amounts are included as part of program expense for the year:

	<u>2021</u>	<u>2020</u>
Food	\$285,094	\$376,805

Donated food is recognized as revenue in the Statement of Operations when distributed. 102,135 pounds of donated food has been valued based on national standards recommended by Food Banks Canada at \$2.62 per pound, which management believes to be a reasonable reflection of fair value.

5,000 meals were received from the Salaam Foundation, which were valued at \$17,500.

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### 8. GOVERNMENT ASSISTANCE - WAGE SUBSIDIES:

During the 2020 fiscal year, the Centre applied for the Temporary Wage Subsidy (TWS) for employers made available by the Federal government in response to COVID-19. The TWS was made available to eligible employer's who continued to incur payroll costs for the period of March to June 2020. During the period of March to June 2020, the Centre claimed \$6,918 from the TWS. In the 2021 fiscal year the Temporary Wages Subsidy is \$Nil.

Additionally during the 2020 fiscal year, the Centre applied for and received \$17,500 from the government of Ontario's temporary pandemic pay (TPP) program in response to COVID-19. These funds were used by the Centre, in conjunction with other ongoing operating funding, to ensure that onsite employees received a minimum wage top-up of \$3.00 per hour from April through December 2020. In the 2021 fiscal year the temporary pandemic payment is \$Nil.

The Centre has recognized the above-noted government subsidies as income in the Statement of Operations.

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### 9. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE:

The Centre includes cash, accounts receivable, grants receivable, accounts payable, deferred operating grant revenue, and fund balances in its capital management consideration. The Centre's objectives when managing capital are to safeguard its ability to continue as a going concern and continue to execute its mandate.

The Centre monitors these items to assess its ability to fulfil its ongoing financial obligations. The Centre relies primarily on grants and donations to fund its operations and makes adjustments to its budgeted expenditures in light of changes. The Centre is not subject to externally imposed capital requirements.

The Centre relies on government grants for continue operations.

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# WESTON KING NEIGHBOURHOOD CENTRE

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## Notes to Financial Statements

Year Ended December 31, 2021

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### 10. COMMITMENTS:

The Centre has entered into operating lease agreements with respects to its 2 service locations commencing April 1, 2019 and July 1, 2020, respectively. The required annual minimum lease payments excluding HST are as follows:

<u>Fiscal Year</u>	<u>1269 Weston Rd</u>	<u>2017 Weston Rd</u>	<u>Sub-total</u>
2022	\$24,000	\$34,800	\$58,800
2023	\$24,000	\$34,800	\$58,800
2024	\$ 4,000	\$34,800	\$38,800
2025	Nil	\$34,800	\$38,800

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### 11. FINANCIAL INSTRUMENTS

The Centre is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Centre's risk exposure and concentration as of December 31, 2021.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Centre is exposed to credit risk from customers. In order to reduce its credit risk, the Centre reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Centre has a significant number of customers which minimizes concentration of credit risk.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

Unless otherwise noted, it is management's opinion that the Centre is not exposed to significant other price risks arising from these financial instruments.

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### 12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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