

Audited Financial Statements of

**WESTON KING NEIGHBOURHOOD
CENTRE**

Year ended December 31, 2014

Independent Auditor's Report

To the Directors

We have audited the accompanying financial statements of Weston King Neighbourhood Centre, which comprise the statement of financial position as at December 31, 2014, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Weston King Neighbourhood Centre as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Other Matter

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. The 2013 financial statements were audited by another chartered accountant, who expressed an unqualified opinion thereon.

Thornhill, Canada
/DATE

BFC LLP
Licensed Public Accountants

WESTON KING NEIGHBOURHOOD CENTRE

STATEMENT OF FINANCIAL POSITION

December 31, 2014, with comparative figures for 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets		
Cash	\$ 359,248	\$ 116,072
Short-term Investments	12,786	12,648
Accounts receivable	4,893	3,733
	<u>376,927</u>	<u>132,453</u>
Capital assets (note 2)	<u>44,522</u>	<u>-</u>
	<u>\$ 421,449</u>	<u>\$ 132,453</u>
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable	\$ 1,598	\$ -
Deferred revenue (note 3)	228,966	-
	<u>230,564</u>	<u>-</u>
Fund balances		
Mount Dennis United Church - unrestricted	\$ 62,263	50,474
City of Toronto, drop in services - restricted	-	-
City of Toronto, housing Support - restricted	10,314	-
Ontario Trillium Fund - restricted	17,280	27,317
City of Toronto - Health & Safety - restricted	(1,303)	-
CAIF - restricted	5,192	-
Capital Fund - restricted	44,522	-
Provincial - Youth employment subsidy - restricted	-	-
Operating Fund - restricted	12,786	12,648
- unrestricted	39,831	42,014
	<u>190,885</u>	<u>132,453</u>
Total Funds	<u>\$ 421,449</u>	<u>\$ 132,453</u>
Commitment (note 4)	<u>-</u>	<u>-</u>

On behalf of the Board:

Director

Director

See accompanying schedules and notes to financial statements.

WESTON KING NEIGHBOURHOOD CENTRE

STATEMENT OF REVENUE AND EXPENSES

Year ended December 31, 2014 with comparative figures for 2013

	<u>2014</u>	<u>2013</u>
Revenue		
Grants	\$ 288,598	\$ 260,409
Mount Dennis United Church	160,748	60,553
Donations	21,450	24,698
Miscellaneous income	724	1,009
	<u>471,520</u>	<u>346,669</u>
Expenses		
Salary and benefits	292,338	213,149
Program costs	51,464	33,604
Rent	39,002	21,577
Professional fees	11,936	3,101
Utilities and telecommunication	9,279	1,160
Administrative expenses	6,189	11,746
Caretaker	2,880	2,880
	<u>413,088</u>	<u>287,217</u>
Excess of revenue over expenses	<u>\$ 58,432</u>	<u>\$ 59,452</u>

See accompanying schedules and notes to financial statements.

WESTON KING NEIGHBOURHOOD CENTRE

STATEMENT OF CASH FLOWS

Year ended December 31, 2014 with comparative figures for 2013

	<u>2014</u>	<u>2013</u>
Cash provided by (used in)		
Operations		
Excess of revenue over expenses	\$ 58,432	\$ 59,452
Items not involving outlay of cash		
Accounts receivable	(1,160)	(3,733)
Accounts payable and accrued liabilities	1,598	-
Deferred income	228,966	-
	<u>287,836</u>	<u>55,719</u>
Financing activities		
Increase in short term investments	(138)	(108)
Investing activities		
Purchases of capital assets	(44,522)	
Increase in cash	243,176	55,611
Cash, beginning of year	<u>116,072</u>	<u>60,461</u>
Cash, end of year	<u>\$ 359,248</u>	<u>\$ 116,072</u>

See accompanying schedules and notes to financial statements.

WESTON KING NEIGHBOURHOOD CENTRE

SCHEDULE OF CHANGES IN FUND BALANCES

(Allocation of funds unaudited)

Year ended December 31, 2014

	City of Toronto Drop in services	City of Toronto Housing Support	City of Toronto Health & Safety	Investing in Neighbourhoods	Trillium	Youth employment	Mount Dennis	Foundations	Operating fund	Restricted	Unrestricted	Capital Fund	Total
Revenue	\$ 146,665	\$ 17,200	\$ 14,950	\$ 6,294	\$ 27,500	\$ 14,385	\$ 160,748	\$ 10,000	\$ 73,778	\$ -	\$ -	\$ -	\$ 471,520
Expenses													
Salary													
Management	-	-	-	-	37,537	7,429	10,000	-	-	-	-	-	47,537
Administrative	-	-	-	-	-	-	6,000	-	-	-	-	-	13,429
Program costs													
Core program cost	94,056	5,493	-	6,294	-	-	50,188	-	-	-	-	-	156,031
Food security	6,972	-	-	-	-	5,350	12,938	-	38,827	-	-	-	64,087
Program support staff	11,562	200	-	-	-	6,600	1,647	2,808	13,461	-	-	-	36,278
Drop-in supplies	4,565	350	-	-	-	-	2,708	500	2,250	-	-	-	10,373
Kitchen supplies	3,277	-	-	-	-	-	2,846	1,500	-	-	-	-	7,623
Garden supplies	-	-	-	-	-	-	4,755	-	3,000	-	-	-	7,755
Staff travel	13	13	-	-	-	-	3,004	-	-	-	-	-	3,017
Office supplies	1,364	-	-	-	-	-	2,592	-	-	-	-	-	3,956
Membership dues	765	-	-	-	-	-	-	-	-	-	-	-	765
Education	200	-	-	-	-	-	387	-	55	-	-	-	642
Operating costs													
Rent	20,550	-	-	-	-	-	-	-	-	-	-	-	20,550
Kitchen renovation	-	-	-	-	-	-	18,000	-	-	-	-	-	18,000
Caretaker	-	-	-	-	-	-	-	-	2,880	-	-	-	2,880
Repairs and maintenance	-	-	-	-	-	-	-	-	452	-	-	-	452
Utilities	3,354	330	-	-	-	-	-	-	6,880	-	-	-	10,564
Administrative costs													
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	872
Audit	-	250	-	-	-	-	2,167	-	-	-	-	-	2,417
Insurance	-	250	-	-	-	-	2,272	-	-	-	-	-	2,272
Office Supplies	-	-	-	-	-	-	592	-	1,144	-	-	-	1,986
Fundraising	-	-	-	-	-	-	-	-	222	-	-	-	222
Photocopying	-	-	-	-	-	-	-	-	395	-	-	-	395
Bank charges	-	-	-	-	-	-	-	-	183	-	-	-	183
Miscellaneous	-	-	-	-	-	-	-	-	208	-	-	-	208
Total Expenses	146,665	6,886	-	6,294	37,537	19,379	120,690	4,808	70,829	-	-	-	413,088
Excess of revenue over expenses	-	10,314	14,950	-	(10,037)	(4,994)	40,058	5,192	2,949	-	-	-	58,432
Fund balance, beginning of year	-	-	-	-	27,317	-	50,474	-	54,662	-	-	-	132,453
Transferred to operating fund	-	-	-	-	-	4,994	-	-	(4,994)	-	-	-	-
Transferred to capital fund	-	-	(16,253)	-	-	-	(28,269)	-	-	-	-	44,522	-
Fund balance, end of year	-	10,314	(1,303)	-	17,280	-	62,263	5,192	52,617	12,786	39,831	44,522	190,885

See accompanying schedules and notes to financial statements.

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2014

PURPOSE OF THE ORGANIZATION

Weston King Neighbourhood Centre (the "Organization") 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. As such, it is not subject to income taxes. The Organization offers assistance to people within its community who struggle to integrate in society due to economic or social barriers.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies.

Revenue recognition

The Organization recognizes revenue according to the deferral method. Restricted contributions towards expenses of future periods are deferred and recognized as revenue in the period(s) in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at their fair value at the date of contribution. Depreciation is recorded over the estimated useful lives of the assets according to the following annual rates and methods:

Leasehold improvements	Straight-line over remaining term of lease, but not less than 5 years
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Deferred revenue - capital assets

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.

Donated services

Volunteers contribute considerable time to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Estimates are used when accounting for the collectability of receivables, the useful lives of capital assets and the determination of accrued liabilities. Actual results could differ from such estimates.

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

Year ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments, consisting of cash, short term investments, accounts receivables, and accounts payable are recorded at fair value on initial recognition and then subsequently at cost or amortized cost, unless management has elected to carry them at fair value. None of the financial instruments are carried at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value would be expensed as incurred.

Financial assets are assessed for indicators of impairment annually at the year-end date. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized by selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral held to secure repayment of the asset. If events or circumstances change in a future period, an impairment loss can be reversed to the extent of the improvement, but not exceeding the initial carrying value.

2. CAPITAL ASSETS

The Organization incurred expenditures with respect to the acquisition of Leasehold Improvements. As the leasehold improvements were not built or ready for use at December 31, 2014, amortization expense was not calculated for the current period.

3. DEFERRED REVENUE

Funding received in the current fiscal year which is planned and authorized for spending in the following fiscal year has been deferred as follows:

	<u>2014</u>	<u>2013</u>
Ontario Trillium Fund	\$ 175,100	\$ -
City of Toronto, drop-in services	36,666	-
City of Toronto, housing support	<u>17,200</u>	-
	<u>\$ 228,966</u>	<u>\$ -</u>

4. COMMITMENT

The Organization occupies premises at under lease which expires in April 2019. Future minimum rental payments under the leases, plus applicable taxes, are as follows:

Fiscal 2016	24,000
2017	24,000
2018	24,000
2019	<u>8,000</u>
	<u>\$ 80,000</u>

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

Year ended December 31, 2014

5. CHANGE IN ACCOUNTING POLICY, CONTRIBUTED MATERIALS AND SERVICES

The Organization changed its method of accounting for revenue recognition of contributed materials and services. Previously, the fair market of rent was determined and recognized as donated rental income with a corresponding amount of rent expense. The Company no longer follows this policy and does not recognize any income or related expenses associated with contributions of materials or services.

This change in accounting policy had no effect on fund balances or on the excess of revenues over expenses.

6. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

Interest rate risk

The Organization is exposed to the risk of changing interest rates as it currently has interest-bearing investments. Cash includes amounts on deposit with financial institutions in an interest bearing account and the Organization holds short term investments. Fluctuations in market rates of interest on cash balances do not have a significant impact on the Organization's results of operations.

Credit risk

Credit risk arises from the potential that a funder will default on their financial obligations. The Organization is funded by the City of Toronto, Trillium and various other entities which reduces its credit risk. Credit risk associated with cash is minimized substantially by ensuring that cash is held in major financial institutions in accounts which can easily be accessed.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. It also includes the risk of the Organization not being able to liquidate assets in a timely manner at a reasonable price. Weston King Neighbourhood Centre meets its liquidity requirements by preparing and monitoring an annual financial budget and by holding cash in accounts that are readily accessible.