

WESTON KING NEIGHBOURHOOD CENTRE

FINANCIAL STATEMENTS

DECEMBER 31, 2019



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FINANCIAL STATEMENTS

DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Weston King Neighbourhood Centre

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Weston King Neighbourhood Centre ("the Organization"), which comprise the statement of financial position as at December 31, 2019, the statement of operations and changes in net assets, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Weston King Neighbourhood Centre as at December 31, 2019, 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.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing these financial statements, management is responsible for assessing the Organization's ability to continue as going concern, disclosing, as applicable, matters related to a 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 the Organization's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (Continued)


Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 Organization'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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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.

I communicated 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 I identify during my audit.

Richmond Hill, Ontario
May 19, 2020


Chartered Professional Accountant
Licensed Public Accountant

WESTON KING NEIGHBOURHOOD CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

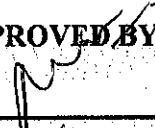
ASSETS

	<u>2019</u>	<u>2018</u>
<u>CURRENT</u>		
Cash	\$ 31,444	\$ 62,654
Accounts Receivable	16,858	-
Grants Receivable	8,474	7,812
HST/GST Recoverable	5,067	2,287
Prepaid Expenses and Deposits	2,077	1,917
	<u>63,920</u>	<u>74,670</u>
<u>CAPITAL ASSETS</u> (Note 2)	<u>48,365</u>	<u>94,140</u>
	<u>\$ 112,285</u>	<u>\$ 168,810</u>

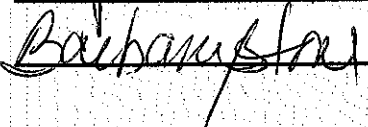
LIABILITIES

<u>CURRENT</u>		
Accounts Payable and Accrued Liabilities	\$ 19,437	\$ 11,960
	<u>19,437</u>	<u>11,960</u>
<u>DEFERRED CAPITAL CONTRIBUTIONS</u>		
Related to Capital Assets (Note 3)	40,706	94,140
	<u>60,143</u>	<u>106,100</u>
<u>NET ASSETS</u>	<u>52,142</u>	<u>62,710</u>
	<u>\$ 112,285</u>	<u>\$ 168,810</u>

APPROVED BY THE BOARD:



Director *Treasurer*



Director

(See Accompanying Notes)

WESTON KING NEIGHBOURHOOD CENTRE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Balance</u> <u>2019</u>	<u>Balance</u> <u>2018</u>
<u>BALANCE,</u> Beginning of the Year	\$ 62,710	\$ 96,762
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</u>	<u>(10,568)</u>	<u>(34,052)</u>
<u>BALANCE,</u> End of the Year	<u>\$ 52,142</u>	<u>\$ 62,710</u>

(See Accompanying Notes)

WESTON KING NEIGHBOURHOOD CENTRE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
<u>REVENUES</u>		
Grant Revenue (Note 4)	\$ 428,030	\$ 369,345
Donations	17,760	12,001
Donations-in-Kind (Note 8)	532,305	585,749
Mt. Dennis Neighbourhood Centre - Social Enterprise	27,948	30,940
Miscellaneous Income	1,725	5,949
Amortization of Deferred Contributions	53,434	52,021
	<u>1,061,202</u>	<u>1,056,005</u>
<u>EXPENSES</u>		
Salaries and Benefits	354,578	329,977
Program Expense (Note 8)	573,931	629,137
Rent and Utilities (Note 6)	59,430	59,430
Professional Fees	16,239	7,500
Administrative Expense	10,454	9,384
Telecommunications	2,853	2,608
Amortization Expense	54,285	52,021
	<u>1,071,770</u>	<u>1,090,057</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</u>	<u>\$ (10,568)</u>	<u>\$ (34,052)</u>

(See Accompanying Notes)

WESTON KING NEIGHBOURHOOD CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Excess (Deficiency) of Revenues Over Expenses	\$ (10,568)	\$ (34,052)
Amortization Expense	<u>54,285</u>	<u>52,021</u>
	<u>43,717</u>	<u>17,969</u>
Changes in Non-Cash Working Capital		
Accounts Receivable	(16,858)	-
Grants Receivable	(662)	4,836
HST/GST Recoverable	(2,780)	27,918
Prepaid Expenses and Deposits	(160)	-
Accounts Payable and Accrued Liabilities	7,477	(780)
Deferred Operating Grants	-	-
	<u>(12,983)</u>	<u>31,974</u>
<u>CASH USED IN INVESTING ACTIVITIES:</u>		
Purchase of Capital Assets	<u>(8,511)</u>	<u>(14,124)</u>
<u>CASH FROM (USED IN) FINANCING ACTIVITIES:</u>		
Deferred Capital Contribution Related to Capital Assets	<u>(53,434)</u>	<u>(37,897)</u>
<u>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</u>	(31,211)	(2,078)
<u>CASH AND EQUIVALENTS, Beginning of the Year</u>	<u>62,654</u>	<u>64,732</u>
<u>CASH AND EQUIVALENTS, End of the Year</u>	<u>\$ 31,444</u>	<u>\$ 62,654</u>

(See Accompanying Notes)

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

PURPOSE OF THE ORGANIZATION:

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 organizations with a registered charity number of 875484917 RR 0001. 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:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies that are considered particularly significant:

a) 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 revenues are recognized as revenue in the period in which they are earned.

b) Capital Assets and Amortization

Capital Assets are stated at cost less accumulated amortization. Amortization is recorded on the straight-line basis at rates designed to amortize the cost of the assets over their estimated useful lives. The amortization rates are as follows:

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

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use. The organization 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.

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

c) Leasehold Improvements

The Centre commenced a kitchen renovation in 1269 Weston Road location (now identified as 1271 Weston Road) in fiscal year 2014 - a project that was fully funded by the Ontario Trillium, City of Toronto and Mt. Dennis United Church. The renovation was completed in July 2015. The lease expires in March 2019, management decided to amortize the leasehold improvement using straight-line method over the remaining term of the lease.

d) 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.

e) 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.

f) Income Taxes

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

g) Financial Instruments

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

The organization's financial instruments consist of cash, short term investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities.

h) Contributed Services

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

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. CAPITAL ASSETS:

	<u>2019</u>			<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold Improvements	\$ 204,014	\$ 183,613	\$ 20,401	61,204
Kitchen and Other Appliances	70,676	44,099	26,577	30,739
Office Furniture	8,050	6,663	1,387	2,197
	<u>\$ 282,740</u>	<u>\$ 234,375</u>	<u>\$ 48,365</u>	<u>\$ 94,140</u>

Amortization for the year amounted to \$54,285 (2018 - \$52,021).

3. DEFERRED CAPITAL CONTRIBUTIONS:

Capital Renovations are funded by the following capital grants:

	<u>2019</u>	<u>2018</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 summarized as follows:

	<u>2019</u>	<u>2018</u>
Deferred Capital Contributions	\$ 274,230	\$ 274,230
Less: Amortization of Deferred Contribution	(233,524)	(180,090)
	<u>\$ 40,706</u>	<u>\$ 94,140</u>

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

4. GRANT REVENUE:

Grant Revenue recognized in the year is as follows:

	<u>2019</u>	<u>2018</u>
City of Toronto - CHPI Housing Support	\$ 68,800	\$ 68,800
City of Toronto - CHPI Drop-in Services	175,000	175,000
City of Toronto - Investing in Neighbourhood (IIN)	57,833	10,796
City of Toronto - Health and Safety	-	875
Service Canada - New Horizons for Seniors	21,200	22,190
Canada Summer Jobs	22,573	19,155
Southwest Presbytery of United Church of Canada	57,000	50,000
Loblaws	6,249	5,729
Mazon Canada	1,722	4,000
Others	17,653	12,800
	<u>\$ 428,030</u>	<u>\$ 369,345</u>

5. 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 continued operations.

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

6. COMMITMENTS:

The Centre has entered into operating lease agreements with respects to its 2 service locations, commencing April 1, 2019 and July 1, 2015, respectively. The required annual minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>1269 Weston Road (Lease expiry March 31, 2024)</u>	<u>2017 Weston Road (Lease expiry June 30, 2020)</u>	<u>Total Minimum Payments</u>
2020	24,000	17,715	41,715
2021	24,000	-	24,000
2022	24,000	-	24,000
2023	24,000	-	24,000
2024	24,000	-	24,000

7. FINANCIAL INSTRUMENTS - RISK MANAGEMENT:

a) Interest Rate Risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in their fair value of future cash flow of financial instruments due to changes in market interest rates.

b) Credit Risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations.

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Centre's financial instruments consist of cash, short term investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest or credit risks. Liquidity risk is managed by establishing budgets and maintaining sufficient cash and equivalents on hand or in interest bearing accounts.

The extent of the Centre's exposure to the above risks did not change during 2019.

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. 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>2019</u>	<u>2018</u>
Food	<u>\$ 532,305</u>	<u>\$ 585,749</u>

9. COMPARATIVE BALANCES:

Certain figures for the year 2018 have been reclassified to conform to that of the current year's presentation.