

WESTON KING NEIGHBOURHOOD CENTRE

FINANCIAL STATEMENTS

DECEMBER 31, 2015



David Burkes, B. Com, CPA, CA•IFA, CFF

**WESTON KING NEIGHBOURHOOD CENTRE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Members of  
Weston King Neighbourhood Centre

I have audited the accompanying financial statements of Weston King Neighbourhood Centre, which comprise the statement of financial position as at December 31, 2015, the statement of operations and net assets for the year then ended, and a summary of significant Canadian accounting standards applicable to not-for-profit organizations 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 controls 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards for not-for-profit organizations. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of Weston King Neighbourhood Centre, as at December 31, 2015, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Richmond Hill, Ontario  
June 7, 2016

Chartered Professional Accountant  
Licensed Public Accountant

WESTON KING NEIGHBOURHOOD CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

ASSETS

	<u>2015</u>	<u>2014</u> <small>(Restated - Note 14)</small>
<u>CURRENT</u>		
Cash	\$ 95,794	\$ 359,248
Short Term Investment (Note 2)	12,892	12,786
Accounts Receivable	6,097	4,893
Grants Receivable	96,200	-
HST/GST Recoverable	23,777	3,570
Prepaid Expenses and Deposits	1,928	-
	<u>236,688</u>	<u>380,497</u>
<u>CAPITAL ASSETS</u> (Note 3)	<u>225,168</u>	<u>40,952</u>
	<u>\$ 461,856</u>	<u>\$ 421,449</u>

LIABILITIES

<u>CURRENT</u>		
Accounts Payable and Accrued Liabilities	\$ 11,753	\$ 1,598
Source Deductions Payable	9,014	-
Deferred Operating Grants (Note 5)	144,855	324,015
	<u>165,622</u>	<u>325,613</u>
<u>DEFERRED CAPITAL CONTRIBUTIONS</u>		
Related to Capital Assets (Note 4)	<u>225,168</u>	<u>40,952</u>
	<u>390,790</u>	<u>366,565</u>
<u>NET ASSETS</u>	<u>71,066</u>	<u>54,884</u>
	<u>\$ 461,856</u>	<u>\$ 421,449</u>

APPROVED BY THE BOARD:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

*(See Accompanying Notes)*

WESTON KING NEIGHBOURHOOD CENTRE

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Externally Restricted (Note 9)</u>	<u>Balance 2015</u>	<u>Balance 2014</u> <small>(Restated - Note 14)</small>
<u>BALANCE,</u>				
Beginning of the Year	\$ 42,098	\$ 12,786	\$ 54,884	\$ 132,453
PRIOR PERIOD ADJUSTMENT (Note 14)				(136,001)
<u>EXCESS OF REVENUE OVER EXPENDITURES</u>	<u>16,182</u>	<u>-</u>	<u>16,182</u>	<u>58,432</u>
<u>BALANCE,</u>				
End of the Year	<u>\$ 58,280</u>	<u>\$ 12,786</u>	<u>\$ 71,066</u>	<u>\$ 54,884</u>

*(See Accompanying Notes)*



WESTON KING NEIGHBOURHOOD CENTRE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u> <small>(Restated - Note 14)</small>
<u>REVENUE</u>		
Grant Revenue (Note 6)	\$ 434,142	\$ 288,598
Mt. Dennis United Church (Note 13)	108,771	160,748
Donations	29,584	21,450
Donations-in-Kind (Note 15)	188,000	130,000
Miscellaneous Income	5,165	724
Amortization of Deferred Contributions	25,019	-
	<u>790,681</u>	<u>601,520</u>
<u>EXPENDITURES</u>		
Salaries and Benefits	346,159	292,338
Program Expense (Note 15)	281,459	181,464
Rent and Utilities (Note 8)	56,430	47,430
Professional Fees	52,106	11,936
Administrative Expense	8,802	6,641
Telecommunications	4,524	3,279
Amortization Expense	25,019	-
	<u>774,499</u>	<u>543,088</u>
<u>EXCESS OF REVENUE OVER EXPENSES</u>	<u>\$ 16,182</u>	<u>\$ 58,432</u>

*(See Accompanying Notes)*



WESTON KING NEIGHBOURHOOD CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u> <small>(Restated - Note 14)</small>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Excess of Revenue Over Expenses	\$ 16,182	\$ 58,432
Amortization Expense	25,019	-
	<u>41,201</u>	<u>58,432</u>
Change in Non-Cash Working Capital		
Accounts Receivable	( 1,204 )	( 1,160 )
Grants Receivable	( 96,200 )	-
HST/GST Recoverable	( 20,207 )	( 3,570 )
Prepaid Expenses and Deposits	( 1,928 )	-
Accounts Payable and Accrued Liabilities	10,155	1,598
Source Deductions Payable	9,014	-
Deferred Operating Grants	( 179,160 )	364,967
Deferred Capital Contribution Related to Capital Assets	184,216	-
Prior Period Adjustment (Note 14)	-	( 136,001 )
	<u>( 95,314 )</u>	<u>225,834</u>
<b><u>CASH FROM INVESTING ACTIVITIES:</u></b>		
Purchase of Capital Assets	( 209,235 )	( 40,952 )
	<u>( 209,235 )</u>	<u>( 40,952 )</u>
<b><u>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</u></b>	( 263,348 )	243,314
<b><u>CASH AND EQUIVALENTS, Beginning of the Year</u></b>	<u>372,034</u>	<u>128,720</u>
<b><u>CASH AND EQUIVALENTS, End of the Year</u></b>	<u>\$ 108,686</u>	<u>\$ 372,034</u>
<b><u>CASH AND EQUIVALENTS REPRESENTED BY:</u></b>		
Cash	\$ 95,794	\$ 359,248
Short-Term Investments	12,892	12,786
	<u>\$ 108,686</u>	<u>\$ 372,034</u>

*(See Accompanying Notes)*



WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

**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. The Organization's significant accounting policies are as follows:

**a) Revenue Recognition**

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.

**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 Appliances	5 year straight-line basis
Office Furniture	5 year straight-line basis

**c) Leasehold Improvements**

The Centre commenced a kitchen renovation in 1269 Weston Location 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.





WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. SHORT TERM INVESTMENT:

Short term investment is represented by a term deposit with annual interest rates 0.6% which matures on January 1, 2016.

3. CAPITAL ASSETS:

	<u>2015</u>			<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold				
Improvements	\$ 204,014	\$ 20,402	\$ 183,612	40,952
Kitchen Appliances	38,850	3,885	34,965	-
Office Furniture	<u>7,323</u>	<u>732</u>	<u>6,591</u>	-
	<u>\$ 250,187</u>	<u>\$ 25,019</u>	<u>\$ 225,168</u>	<u>\$ 40,952</u>

Amortization for the year amounted to \$25,019 (2014 - \$NIL).

4. DEFERRED CAPITAL CONTRIBUTIONS:

The Kitchen Renovation is funded by the following capital grants:

	<u>2015</u>	<u>2014</u>
City of Toronto - Health and Safety	\$ 14,950	\$ 14,950
City of Toronto Homelessness Partnering Strategy	38,850	-
Ontario Trillium Foundation	134,425	-
Mt. Dennis United Church	<u>61,962</u>	<u>26,002</u>
	<u>\$ 250,187</u>	<u>\$ 40,952</u>

Deferred Capital Contributions are summarized as follows:

	<u>2015</u>	<u>2014</u>
Deferred Capital Contributions	\$ 250,187	\$ 40,952
Less: Amortization of Deferred Contribution	<u>( 25,019 )</u>	<u>-</u>
	<u>\$ 225,168</u>	<u>\$ 40,952</u>

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

5. DEFERRED OPERATING GRANTS:

Deferred operating grants are analyzed as follows:

	<u>2015</u>	<u>2014</u>
i) Ontario Trillium Grant	\$ 19,600	\$ 192,380
ii) City of Toronto - Drop-in Services	-	36,666
iii) City of Toronto - Housing Support	10,320	27,514
iv) Mt. Dennis United Church	113,278	62,263
v) Service Canada - New Horizon Senior	1,657	-
vi) CAIF	-	5,192
	<u>\$ 144,855</u>	<u>\$ 324,015</u>

Continuity of Deferred Operating Grants for the year is as follows:

Deferred Operating Grants, Beginning of the Year	\$ 324,015	\$ -
Add - Received/Receivable during the Year	254,982	612,613
Less - Recognized during the Year	434,142	288,598
	<u>\$ 144,855</u>	<u>\$ 324,015</u>

6. GRANT REVENUE:

Grant Revenue recognized in the year is as follows:

	<u>2015</u>	<u>2014</u>
City of Toronto - CHPI Drop-in Services	\$ 153,748	\$ 146,665
City of Toronto - CHPI Housing Support	79,114	17,200
City of Toronto - Health and Safety	-	14,950
Ontario Trillium Foundation	90,955	27,500
MiziweBiik	40,520	-
Service Canada - New Horizons	22,183	24,500
City of Toronto - Investing in Neighbourhood (IIN)	22,430	6,294
The Presbyteries of Toronto Conference Corporation	20,000	20,000
Ontario Youth Employment Services		14,384
CAIF	5,192	8,000
Canada Summer Job		4,855
United Church Treble Fund		2,250
Others		2,000
	<u>\$ 434,142</u>	<u>\$ 288,598</u>

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

7. 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.

8. COMMITMENTS:

The Centre has entered into operating lease agreements with respects to its 2 service locations, commencing April 1, 2014 and July 1, 2015, respectively. The required annual minimum lease payments are as follows:

<u>Fiscal</u> <u>Year</u>	<u>1269 Weston Road</u> <u>(Lease expiry</u> <u>March 31, 2019)</u>	<u>2017 Weston Road</u> <u>(Lease expiry</u> <u>June 30, 2020)</u>	<u>Total</u> <u>Minimum</u> <u>Payments</u>
2017	24,000	35,430	59,430
2018	24,000	35,430	59,430
2019	8,000	35,430	43,430
2020	-	17,715	17,715

9. RESTRICTED FUND:

The Centre has an externally restricted fund balance, imposed by the funder. The purpose of the fund is to pay for the remuneration of the Executive Director. The fund has not been used in the current year or the previous year since external funding is sufficient and available. However, it will be utilized to pay for the Executive Director's salary commencing fiscal year 2016.

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

10. 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) Currency Risk

Currency risk is the risk of potential change in price of one currency against another currency.

The Centre's financial instruments consist of cash, 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, credit or currency risks. The fair value of these financial instruments approximates their carrying values.

11. 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 reported amounts of 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 management's best estimates as additional information becomes available in the future.

12. CONTRIBUTED SERVICES AND MATERIALS:

Because of the difficulty of determining the fair value of services provided by volunteers, and materials contributed to the organization, some contributed services and materials are not recognized in the financial statements.

13. MT. DENNIS UNITED CHURCH:

In June 2012, the Board of Mt. Dennis United Church, the Board of Trustees of Central United Church, and Weston King Neighbourhood Centre (the "Centre") agreed to establish a partnership to provide food related programs to an under-served population. As per the agreement, the Centre has received a bequest of \$500,000 to be used for operational and outreach purpose, as well as required infrastructure upgrades. As of December 31, 2015, the balance of the bequest is \$85,000 plus accrued interest.

WESTON KING NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

14. CHANGES IN ACCOUNTING POLICY:

During the 2015 fiscal year, the Centre adopted the deferral method of accounting for contributions. This policy was applied retrospectively and the prior year (2014) figures have been adjusted as follows:

	<u>As Reported</u>	<u>Restated</u>	<u>Difference</u>
Deferred Operating Grants	228,966	324,015	95,049
Deferred Capital Contributions	-	40,952	40,952
Net Asset, Beginning of Year	132,453	132,453	-
Net Asset, End of Year	190,885	54,884	( 136,001 )

2015 opening net assets balance has been adjusted to reflect unrestricted net assets of \$42,098 and externally restricted net asset of \$12,786.

During the 2015 fiscal year, the Centre changed its accounting policy for revenue recognition of the contributed materials and services. Currently, the fair value of the in-kind donations are determined and recognized as donations-in-kind revenue with a corresponding amount in program expense. This policy was applied retrospective and it had no effect on net asset or on the excess of revenue over expenses.

15. DONATIONS-IN-KIND:

The Centre is in receipt of donations-in-kind with respect to food and other goods as follows:

	<u>2015</u>	<u>2014</u>
1) Food	\$ 187,000	\$ 130,000
2) Gift Cards	1,000	-
	<u>\$ 188,000</u>	<u>\$ 130,000</u>

16. COMPARATIVE BALANCES:

The organization's 2014 financial statements were prepared by the organization's former auditors.

Certain figures for the year 2014 have been reclassified to conform to that of the current year's presentation.