CONSOLIDATED FINANCIAL STATEMENTS

For

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

For the year ended

DECEMBER 31, 2021

Management's Responsibility for the Financial Statements

The financial statements of the Board of Management for the Eastview Neighbourhood Community Centre (the "Centre") are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with the Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Centre's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Centre's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the City of Toronto's City Council, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Centre's financial statements.

STEVEN DEWAR
. . . . Chairperson

. . . . Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

CITY OF TORONTO AND
BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

Qualified Opinion

We have audited the consolidated financial statements of the Board of Management for the Eastview Neighbourhood Community Centre (the Centre), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in our Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Centre derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 financial statements, and we have fulfilled our 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.

Management's Responsibility for the Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Centre's ability continue as a going concern, disclosing, as applicable, matters related 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 16, 2022.

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 317,226	$ 402,520
Investments (note 4)	54,475	52,797
Due from City of Toronto (note 5)	28,283	34,162
Accounts receivable	78,071	63,419
Prepaid expenses	5,476	2,926
	483,531	555,824
TANGIBLE CAPITAL ASSETS (note 6)	109,121	168,964
DUE FROM CITY OF TORONTO (note 7)	151,984	155,205
	$ 744,636	$ 879,993
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 8)	$ 109,711	$ 127,821
City trusteeship payable (note 9)	20,084	20,084
Deferred contributions (note 10)	95,893	145,995
	225,688	293,900
DEFERRED CAPITAL CONTRIBUTIONS (note 11)	104,347	165,683
POST-EMPLOYMENT BENEFITS PAYABLE (note 7)	151,984	155,205
	482,019	614,788
NET ASSETS		
Invested in tangible capital assets, internally restricted (note 12)	19,235	17,742
Board designated reserves, internally restricted (note 13)	167,034	167,034
Unrestricted	76,348	80,429
	262,617	265,205
	$ 744,636	$ 879,993

Approved by the Board:

STEVEN DEWAR
. . . . Chair

. . . . Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	Internally restricted				
	Invested in tangible capital assets (note 12)	Board designated reserves (note 13)	Unrestricted	Total 2021	Total 2020
Net assets, beginning of year	$ 17,742	$ 167,034	$ 80,429	$ 265,205	$ 263,040
Net revenue over expenses (expenses over revenues)	(4,106)	-	1,518	(2,588)	2,165
Net investment in tangible capital assets	5,599	-	(5,599)	-	-
Net assets, end of year	$ 19,235	$ 167,034	$ 76,348	$ 262,617	$ 265,205

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

	Program	Administration	2021	2020
Revenue				
Grants				
City of Toronto (notes 5 and 15)	$ 234,910	$ 635,678	$ 870,588	$ 901,193
United Way	312,676	-	312,676	403,550
Foundations	366,640	-	366,640	374,545
Province of Ontario (note 15)	125,797	-	125,797	131,554
Government of Canada	248,369	-	248,369	159,139
Amortization of deferred capital contributions	61,336	-	61,336	61,222
	1,349,728	635,678	1,985,406	2,031,203
Program income	105,830	-	105,830	102,617
Donations	129,036	-	129,036	62,912
Fundraising	7,481	-	7,481	66,832
Memberships	1,627	-	1,627	4,630
Interest income	2,088	-	2,088	6,585
	1,595,790	635,678	2,231,468	2,274,779
Expenses				
Salaries and wages	896,144	438,375	1,334,519	1,260,465
Employee benefits	211,272	114,269	325,541	320,302
Materials and supplies	299,503	28,866	328,369	462,570
Purchase of services	126,017	54,168	180,185	166,855
Amortization of tangible capital assets	65,442	-	65,442	62,422
	1,598,378	635,678	2,234,056	2,272,614
Net revenue over expenses (expenses over revenue)	$ (2,588)	$ -	$ (2,588)	$ 2,165

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

	2021	2020
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net revenue over expenses (expenses over revenue)	$ (2,588)	$ 2,165
Adjustments for:		
Amortization of tangible capital assets	65,442	62,422
Amortization of deferred capital contributions	(61,336)	(61,222)
	1,518	3,365
Increase (decrease) resulting from changes in:		
Due from City of Toronto	5,879	(9,153)
Accounts receivable	(14,652)	(21,729)
Prepaid expenses	(2,550)	1,322
Long-term amount due from City of Toronto	3,221	4,368
Accounts payable and accrued liabilities	(18,110)	7,230
City trusteeship payable	-	(4,017)
Deferred contributions	(50,102)	(47,389)
Post-employment benefits payable	(3,221)	(4,368)
	(78,017)	(70,371)
INVESTING ACTIVITIES		
Sale of investments	52,797	407,282
Purchase of investments	(54,475)	(52,797)
	(1,678)	354,485
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets - program	(5,599)	(130,289)
INCREASE (DECREASE) IN CASH	(85,294)	153,825
CASH, BEGINNING OF YEAR	402,520	248,695
CASH, END OF YEAR	$ 317,226	$ 402,520

(See accompanying notes)

1. NATURE OF OPERATIONS

The City of Toronto Act, 1997 continued the provisions of By-law No. 1995 - 0448 dated June 26, 1995 to reflect Chapter 25, Community and Recreation Centres of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established the premises at 86 Blake Street, Toronto, as a community centre under the authority of the Municipal Act, known as Eastview Neighbourhood Community Centre (the "Centre"). The Centre is a not-for-profit organization and, as such, is exempt from income tax.

The Municipal Code provides for a Council appointed Board which, among other matters, shall:

(a) endeavour to manage and control the premises in a reasonable and efficient manner, in accordance with standard good business practices, and

(b) pay to the City of Toronto (the "City") any excess of administration expenditure funds provided by the City in accordance with its approved annual budget, but may retain any surplus from program activities.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Municipal Code requires that audited annual financial statements be submitted by the Board of Management for the Centre to the City covering the management and control of the premises by the Board. However, since the revenue and expenditure from programs include the operations of the East Toronto Family Community Centre, a registered charitable organization, separate financial statements have not been prepared. Accordingly, these consolidated financial statements include the accounts of the operations of the East Toronto Family Community Centre as a whole, including the Eastview Neighbourhood Community Centre.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations ("PSAS-GNFPO"), including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Revenue recognition

The Centre follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized and are recorded as deferred contributions on the statement of financial position. Externally restricted contributions for depreciable tangible capital assets are deferred and amortized over the life of the related tangible capital assets. Externally restricted contributions for tangible capital assets that have not been expended are recorded as part of deferred capital contribution on the statement of financial position.

Rental and similar revenues are recognized on the date of the performance or event.

3. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

Financial instruments

The Centre initially measures its financial assets and financial liabilities at fair value.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, investments, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the consolidated financial statements. Monetary donations are recorded as received.

Tangible capital assets

Tangible capital assets are recorded at cost and contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives, as follows:

Furniture and equipment	5 years
Automotive equipment	5 years
Kitchen renovations	5 years

Employee related costs

The Centre has adopted the following policies with respect to employee benefit plans:

(a) The City of Toronto offers a multi-employer defined benefit pension plan to the Centre's employees. Due to the nature of the Plan, the Centre does not have sufficient information to account for the Plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.

(b) The Centre also offers its employees a defined benefit sick leave plan, a post-retirement life, health and dental plan, a long-term disability plan and continuation of health, dental and life insurance benefits to disabled employees. The accrued benefit obligations are determined using an actuarial valuation based on the projected benefit method prorated on service, incorporating management's best estimate of future salary levels, inflation, sick day usage estimates, ages of employees and other actuarial factors.

Net actuarial gains and losses that arise are amortized over the expected average remaining service life of the employee group.

The Centre recognizes an accrued benefit liability on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the unamortized actuarial gains / losses.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining the useful life of its tangible capital assets, significant accrued liabilities, the post-employment benefits liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

4. INVESTMENTS

Investments consist of a guaranteed investment certificate maturing January 25, 2022 and earning a fixed interest rate of 1.00% (2020 - 1.00%).

5. FUNDS PROVIDED BY CITY OF TORONTO - ADMINISTRATION

Funding for administration expenses is provided by the City according to Council approved budgets. Surplus amounts in administration are repayable to the City. Deficits, excluding those accruals for long-term employee benefits, are funded by the Centre unless Council approval has been obtained for additional funding.

	Budget 2021 (unaudited)	2021	2020
Administration expenses:			
Salaries and wages	$ 459,225	$ 438,375	$ 419,266
Employee benefits	131,235	114,269	126,259
Materials and supplies	13,782	28,866	34,618
Purchase of services	42,048	54,168	60,887
	$ 646,290	$ 635,678	$ 641,030
Centre's actual administration revenue:			
Administration budget		$ 646,290	$ 636,325
Difference between budget and amount funded		(902)	(335)
		645,388	635,990
Centre's actual administration expense:			
Administration expenses		635,678	641,030
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long-term amount due from City of Toronto		3,221	4,368
Vacation pay liability, not funded by the City until paid, that is included in Due from City of Toronto		(804)	21,112
		638,095	666,510
Administration expenses under (over) approved budget		$ 7,293	$ (30,520)

The due from City of Toronto balance is comprised of:

	2021	2020
2018 surplus payable	$ -	$ (610)
2019 surplus payable	(1,226)	(1,226)
2020 deficit receivable	30,520	30,520
2021 surplus payable	(7,293)	-
	22,001	28,684
Vacation receivable	6,282	5,478
	$ 28,283	$ 34,162

The Centre operates from a City of Toronto owned property at 86 Blake Avenue, Toronto. The costs associated with operating and maintaining the property (rent, heating, hydro, insurance, repairs, maintenance and cleaning) are provided at no cost by the City of Toronto and have not been recorded in these financial statements.

6. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Program				
Furniture and equipment	$ 204,703	$ 95,582	$ 199,104	$ 57,926
Automotive equipment	12,000	12,000	12,000	12,000
Kitchen renovations	178,052	178,052	178,052	150,266
	394,755	$ 285,634	389,156	$ 220,192
Less: accumulated amortization	(285,634)		(220,192)	
	$ 109,121		$ 168,964	

7. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG-TERM ACCOUNT RECEIVABLE

The Centre participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits to its employees. Under the sick leave plan for management staff with ten years of service as of April 1, 2003, unused sick leave accumulated until March 1, 2008 and eligible employees may be entitled to a cash payment upon leaving the Centre's employment. The liability for these accumulated days represents the extent to which they have vested and could be taken in cash by the employee upon termination, retirement or death. This sick bank plan was replaced by a Short-Term Disability Plan (STD) effective March 1, 2008, for all non-union employees of the City of Toronto. Upon the effective date, individual sick banks were locked with no further accumulation. Grandfathered management staff remains entitled to payout of frozen, banked time, as described above. Under the new STD plan, management employees are entitled to 130 days annual coverage with salary protection at 100 or 75 percent, depending upon years of service. Non-management employees continue to receive sick bank time as stipulated in the applicable Collective Agreement, which specifies no financial conversion of unused sick leave.

The Centre also provides health, dental, accidental death and disability, life insurance and long-term disability benefits to eligible employees. Depending on length of service and individuals' election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 2021 with projections to December 31, 2024. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate - 2.0%
- assumed health care cost trends - range from 3.0% to 6.0%
- rate of compensation increase - 3.0% to 3.5%
- discount rates - post-retirement 2.7%, post-employment 2.0%, sick leave 2.1%

Information about the Centre's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	2021	2020
Post-retirement benefits	$ 251,628	$ 215,658
Sick leave benefits	-	5,722
Post-employment income benefits	247,520	-
Continuation of benefits to disabled employees	171,196	-
	670,344	221,380
Add: Unamortized actuarial gain (loss)	(518,360)	(66,175)
Employee benefit liability	$ 151,984	$ 155,205

7. **POST-EMPLOYMENT BENEFITS PAYABLE AND LONG-TERM ACCOUNT RECEIVABLE** - Cont'd.

The continuity of the accrued benefit obligation is as follows:

	2021	2020
Balance, beginning of year	$ 155,205	$ 159,573
Current service cost	4,475	3,508
Interest cost	4,318	5,449
Amortization of actuarial (gain) loss	5,324	3,878
Expected benefits paid	(17,338)	(17,203)
Balance, end of year	$ 151,984	$ 155,205

A long-term receivable from the City of $151,984 in 2021 (2020 - $155,205) has resulted from the recording of sick leave and post-retirement benefits. Funding for these costs continues to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities of administrative staff that may be incurred by the Centre.

The Centre also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its eligible employees. The OMERS plan (the "Plan") is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employer contributions to this pension plan amounted to $88,939 in 2021 (2020 - $82,869).

The most recent actuarial valuation of the Plan as at December 31, 2020 indicates that the Plan is in a deficit position and the Plan's December 31, 2021 financial statements indicate a net deficit of $69 million (a deficit of $3.131 billion plus adjustment of $3.062 billion of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over a five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan's assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Centre's contributions accounted for an insignificant portion of the Plan's total employer contribution. Additional contributions, if any, required to address the Centre's proportionate share of the deficit will be expensed during the period incurred.

8. **PRENATAL AND NUTRITION SUPPORT PROGRAM**

The Centre acts as trustee for the distribution of funds received from the Government of Canada to the five partners of the Toronto South East Coalition of Prenatal Nutrition and Support Programs (the "Coalition"). During year, the Centre received $294,991 (2020 - $118,578) of funds to be distributed. The allocation of funds to be distributed to each partner is approved by the Coalition. The Centre, as a partner and agent, records only its share of revenue and staff costs in these consolidated financial statements.

During the year, the funds received were distributed to the five partners, as follows:

	2021	2020
Eastview Neighbourhood Community Centre	$ 107,194	$ 84,602
Hincks-Dellcrest Centre	47,023	19,426
June Callwood Centre for Women & Families	28,439	25,878
Regent Park Community Health Centre	29,781	32,156
Applegrove Community Complex	28,187	15,082
	$ 240,624	$ 177,144

At December 31, 2021, there was $43,279 of of undistributed funds included in accounts payable and accrued liabilities (2020 - $11,089 of distributed funds outstanding to be received included in accounts receivable).

9. CITY TRUSTEESHIP PAYABLE

In 2019, the Centre received a one-time allocation of funding for the delivery of additional supports and services for youth who reside along the Danforth in partnership with Eastminster (a campus of the East End United Regional Ministry). At December 31, 2021, the Centre had $20,084 (2020 - $20,084) of this funding remaining, included in City Trusteeship Payable.

10. DEFERRED CONTRIBUTIONS

	2021	2020
Balance, beginning of year	$ 145,995	$ 193,384
Add: contributions received	1,873,968	1,922,592
Less: revenue recognized	(1,924,070)	(1,969,981)
Balance, end of year	$ 95,893	$ 145,995

11. DEFERRED CAPITAL CONTRIBUTIONS

	2021	2020
Balance, beginning of year	$ 165,683	$ 226,905
Less: amortization of deferred capital contributions	(61,336)	(61,222)
Balance, end of year	$ 104,347	$ 165,683

12. INVESTED IN TANGIBLE CAPITAL ASSETS

Investment in tangible capital assets is calculated as follows:

	2021	2020
Tangible capital assets	$ 109,121	$ 168,964
Amounts financed by deferred capital contributions	(104,347)	(165,683)
Deferred capital contributions for assets not yet acquired	14,461	14,461
	$ 19,235	$ 17,742

Change in net assets invested in tangible capital assets is calculated as follows:

	2021	2020
Net revenue over expenses (expenses over revenue)		
Amortization of deferred capital contributions	$ 61,336	$ 61,222
Amortization of tangible capital assets	(65,442)	(62,422)
	$ (4,106)	$ (1,200)
Net investment in tangible capital assets		
Tangible capital assets acquired	$ 5,599	$ 130,289
Amounts financed by deferred capital contributions from prior year	-	(112,547)
	$ 5,599	$ 17,742

13. BOARD DESIGNATED RESERVES

	2021	2020
Capital / Project Reserve	$ 63,192	$ 63,192
Administrative Contingency Reserve	103,842	103,842
	$ 167,034	$ 167,034

The Capital/Project Reserve is restricted to expenditures of a capital/project nature as approved by the Board of Management.

The Administrative Contingency Reserve consists of Board of Management approved transfers of monies from the Centre's program surplus to provide a contingency fund for essential administrative costs. In 2019, the Board of Management approved a reserve fund policy that directs 50% of any fiscal year's surplus to be transferred from Unrestricted to the Board Designated Administrative Contingency Reserve. There was no interfund transfer in 2021 (2020 - $1,083). Interest earned on the reserve balance is recorded as program revenue.

14. LINE OF CREDIT

The Centre has a $50,000 operating line of credit with Alterna Savings at prime plus 1%. As security, the Centre has granted a security interest in all personal property of the Centre as well as pledging a Term Deposit with a value of $50,000. At year-end, the operating line of credit has a $nil balance (2020 - $nil).

15. GRANTS

The grants revenue recognized from the City of Toronto and Province of Ontario are comprised of the following:

	2021	2020
City of Toronto:		
Children's Services - Family Resource Centre	$ 150,300	$ 176,913
Children's Services - Summer Day Program	14,000	9,325
Community Funding Programs - Community Service Partnerships Program	70,610	69,908
Other	-	4,017
	$ 234,910	$ 260,163
Province of Ontario:		
Ministry of Citizenship and Immigration - Newcomer Settlement Program	55,234	22,159
Ministry of Health and Long Term Care - Senior Resources	69,466	105,795
Ministry of Seniors Affairs	1,097	3,600
	$ 125,797	$ 131,554

15. **GRANTS** - Cont'd.

In addition, the Centre operates various programs supervised by the City of Toronto's Children's Services Division, as follows:

	Family Resources	Summer Camp - Eastview	2021	2020
Revenue				
Grants				
City of Toronto	$ 150,300	$ 14,000	$ 164,300	$ 186,238
United Way	5,009	-	5,009	2,517
Foundations	-	20,261	20,261	38,451
Government of Canada	111,703	76,293	187,996	139,524
Program income	-	34,433	34,433	20,322
Fundraising	-	-	-	4,936
Memberships	90	-	90	1,460
Donations	1,770	-	1,770	107
	268,872	144,987	413,859	393,555
Expenses				
Salaries and wages	128,400	127,939	256,339	219,847
Employee benefits	27,052	10,987	38,039	38,689
Materials and supplies	91,929	2,343	94,272	119,179
Purchase of services	20,311	2,838	23,149	15,223
	267,692	144,107	411,799	392,938
Net revenue over expenses	$ 1,180	$ 880	$ 2,060	$ 617

16. **UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19**

In mid-March 2020, and continuing throughout 2021, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of COVID-19.

Throughout 2021, the Centre had periods of being closed to the public in response to the quarantine measures implemented by the provincial government to stop the spread of the virus. During these period of closure, the Centre continues to provide emergency Food Bank service to the community including expanded service due to increased demand. They also provide food delivery to community members who are in isolation. Staff are working from home to maintain contact with community members specifically focusing on vulnerable and at risk members, and increased contact is being made with seniors. Children and youth are being contacted through social media including making virtual programming and video conferencing available to community members.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Centre's operations will be impacted or the severity of the impact. Consequently, the effects of any subsequent outbreaks or abrupt declines in economic activity will have on the Centre's operations, assets, liabilities, revenues and expenses are unknown at this time.

17. FINANCIAL INSTRUMENTS

The Centre is exposed to and manages various financial risks resulting from operations. Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The Centre's main financial risk exposures and its financial risk management policies are as follows:

Credit risk

The Centre is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Centre’s maximum exposure to credit risk represents the sum of the carrying value of its cash, investments and accounts receivable. The Centre’s cash and investments are with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. Management believes that the Centre’s credit risk with respect to accounts receivable is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Centre will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities. The Centre manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Centre believes its overall liquidity risk to be minimal as the Centre's financial assets are considered to be highly liquid.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Centre's financial instruments are all denominated in Canadian dollars and the Centre transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre's cash and investments earn interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible.

iii) *Other price risk*

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether these changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Management does not believe the Centre is exposed to significant other price risk.

Changes in risk

There have been no significant changes in the Centre's risk exposures from the prior year.

May 9, 2022

Board of Management for the Eastview Neighbourhood Community Centre
86 Blake Street
Toronto, Ontario
M4J 3C9

PRIVATE AND CONFIDENTIAL

Attention: Mr. Kerry Bowser,
Executive Director

Dear Kerry:

Re: Audit of the December 31, 2021 Financial Statements

During the course of our audit of the financial statements of the Board of Management for the Eastview Neighbourhood Community Centre (the "Centre") for the year ended December 31, 2021, we identified some matters which may be of interest to management.

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose defalcations and other irregularities and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

As a result of our observations, we have outlined matters below along with some suggestions for your consideration.

Please note that under Canadian generally accepted auditing standards we must report significant deficiencies to those charged with governance.

This letter is not exhaustive, and deals with the more important matters that came to our attention during the audit. Minor matters were discussed verbally with your staff.

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Issue #1 - Employee Cost Allocation

During the course of our audit, we noted that employee costs for one staff member are not being allocated consistently between administration and program. In particular, no timesheets could be provided as evidence of their cost allocations for this staff member that has responsibilities split between administrative and program. In fact, the costs for this staff member that should have been classified as administration based on the budget approved by the City of Toronto were put to program in error. We recommend that timesheets be maintained for employees with split responsibilities, and reviewed and approved by the appropriate direct supervisor to ensure that salaries and wages, as well as benefits, are classified based on hours actually worked. This will ensure that the classification of payroll costs (administration vs. program) are accurate and that the Centre is appropriately being reimbursed for the administrative costs that should be covered by the City of Toronto. In addition, the cost allocations should be made at the same time the payroll costs are recorded which should reduce any instances that require adjustments to allocations at year-end.

Management's Comments

Management has noted the auditor's assessment of the employee cost allocation issue. As indicated, the cost allocation from admin to program only relates to one employee whose payroll expenses are 50% covered by the City. This employee does split their time evenly between admin and program. We do concede that the 50% allocation entries should probably be made throughout the year and not simply at the end of the year. We will take this into consideration by making quarterly allocation entries going forward for this employee to mitigate the allocation error. However, we do not see the value in creating a whole process to track hours when management is already aware of and has approved the employee's time/work allocation.

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from Kerry Bowser and his staff.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours very truly,

Welch LLP

Christa Casey

Christa Casey, CPA, CA
Partner