Grant Thornton

# Consolidated Financial Statements

## Board of Management for the
## Eastview Neighbourhood Community Centre

December 31, 2023

# Contents

Date: May 27, 2024

**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 Grant Thornton 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.

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Rebecca H
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Chairperson

DocuSigned by:
Abas Barra
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Treasurer

# Independent Auditor's Report

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To the the Board of Management of
Eastview Neighbourhood Community Centre

## Qualified Opinion

We have audited the consolidated financial statements of Eastview Neighbourhood Community Centre (the "Centre"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Eastview Neighbourhood Community Centre as at December 31, 2023, and its results of operations, changes in net assets, and 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 donations and 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 donation and fundraising revenue, deficiency of revenue over expenses, and cash flows from operations for the year ended December 31, 2023, current assets as at December 31, 2023, and net assets as at January 1, 2023 and December 31, 2023. The predecessor auditor's opinion on the consolidated financial statements for the year ended December 31, 2022 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 in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Other matter

The consolidated financial statements of the Centre were audited by another auditor for the year ended December 31, 2022, who expressed a qualified opinion on those statements on May 15, 2023. The qualification in that audit opinion related to the completeness of fundraising revenue not being susceptible to satisfactory audit verification.

## Responsibilities of Management and Those Charged with Governance 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-profits , 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 the consolidated financial statements, management is responsible for assessing the Centre's ability to continue as a 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 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.

## 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 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 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 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.

Grant Thornton LLP

| | |
|---|---|
| Toronto, Canada | Chartered Professional Accountants |
| May 27, 2024 | Licensed Public Accountants |

# Board of Management for the Eastview Neighbourhood Community Centre
# Consolidated Statement of Financial Position

| December 31 | | **2023** | | 2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current | | | | |
| Cash | **$** | **233,574** | $ | 379,816 |
| Investments (Note 4) | | **99,915** | | 54,475 |
| Accounts receivable | | **65,916** | | 78,456 |
| Due from City of Toronto (Note 5) | | **49,917** | | 11,757 |
| Prepaid expenses | | **-** | | 7,846 |
| | | **449,322** | | 532,350 |
| Tangible capital assets (Note 6) | | **53,700** | | 87,704 |
| Due from City of Toronto (Note 7) | | **153,306** | | 154,076 |
| | **$** | **656,328** | $ | 744,130 |
| **Liabilities** | | | | |
| Current | | | | |
| Accounts payable and accrued liabilities (Note 8) | **$** | **105,778** | $ | 137,864 |
| City trusteeship payable (Note 9) | | **1,692** | | 12,574 |
| Deferred contributions (Note 10) | | **102,152** | | 138,889 |
| | | **209,622** | | 289,327 |
| Deferred capital contributions (Note 11) | | **46,416** | | 72,407 |
| Post-employment benefits liability (Note 7) | | **153,306** | | 154,076 |
| | | **409,344** | | 515,810 |
| **Net assets** | | | | |
| Invested in tangible capital assets, internally restricted (Note 12) | | **21,745** | | 29,758 |
| Board designated reserves, internally restricted (Note 13) | | **167,034** | | 167,034 |
| Unrestricted | | **58,205** | | 61,528 |
| | | **246,984** | | 258,320 |
| | **$** | **656,328** | $ | 774,130 |

Approved by the Board:

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Rebecca [signature] Chair
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Abas Barra Treasurer
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See accompanying notes to the financial statements.

# Board of Management for the
# Eastview Neighbourhood Community Centre
# Consolidated Statement of Operations

Year ended December 31

| | Program | Administration | **2023** | 2022 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Grants | | | | |
| City of Toronto (Notes 5 and 15) | $ 292,967 | $ 706,090 | **$ 999,057** | $ 923,413 |
| United Way | 327,716 | - | **327,716** | 303,451 |
| Foundations | 542,049 | - | **542,049** | 636,918 |
| Province of Ontario (Note 15) | 122,688 | - | **122,688** | 130,307 |
| Government of Canada | 168,911 | - | **168,911** | 209,727 |
| Amortization of deferred capital contributions | 25,991 | - | **25,991** | 31,940 |
| | 1,480,322 | 706,090 | **2,186,412** | 2,235,756 |
| Program income | 262,397 | - | **262,397** | 214,435 |
| Donations | 159,975 | - | **159,975** | 146,173 |
| Fundraising | 24,255 | - | **24,255** | 26,276 |
| Memberships | 8,400 | - | **8,400** | 8,948 |
| Interest income | 1,857 | - | **1,857** | 924 |
| | 1,937,206 | 706,090 | **2,643,296** | 2,632,512 |
| **Expenses** | | | | |
| Salaries and wages | 1,180,005 | 456,896 | **1,636,901** | 1,611,792 |
| Employee benefits | 246,089 | 139,703 | **385,792** | 374,864 |
| Materials and supplies | 297,409 | 16,474 | **313,883** | 384,036 |
| Purchase of services | 191,035 | 93,017 | **284,052** | 227,823 |
| Amortization of tangible capital assets | 34,004 | - | **34,004** | 38,294 |
| | 1,948,542 | 706,090 | **2,654,632** | 2,636,809 |
| Deficiency of revenue over expenses | $ (11,336) | $ - | **$ (11,336)** | $ (4,297) |

See accompanying notes to the financial statements.

# Board of Management for the Eastview Neighbourhood Community Centre
# Consolidated Statement of Change in Net Assets

| Year ended December 31 | Internally restricted: Invested in tangible capital assets (Note 12) | Internally restricted: Board designated reserves (Note 13) | Unrestricted | **Total 2023** | Total 2022 |
|---|---|---|---|---|---|
| Net assets, beginning of year | $ 29,758 | $ 167,034 | $ 61,528 | **$ 258,320** | $ 262,617 |
| Deficiency of revenue over expenses | (8,013) | - | (3,323) | **(11,336)** | (4,297) |
| Net assets, end of year | $ 21,745 | $ 167,034 | $ 58,205 | **$ 246,984** | $ 258,320 |

See accompanying notes to the financial statements.

# Board of Management for the Eastview Neighbourhood Community Centre
# Consolidated Statement of Cash Flows

| Year ended December 31 | 2023 | 2022 |
| --- | --- | --- |
| Increase (decrease) in cash | | |
| **Operating** | | |
| Deficiency of revenue over expenses | **$ (11,336)** | $ (4,297) |
| Items not affecting cash | | |
| Amortization of tangible capital assets | **34,004** | 38,294 |
| Amortization of deferred capital contributions | **(25,991)** | (31,940) |
| | **(3,323)** | 2,057 |
| Change in non-cash working capital items | | |
| Due from City of Toronto | **(38,160)** | 16,526 |
| Accounts receivable | **12,540** | (385) |
| Prepaid expenses | **7,846** | (2,370) |
| Accounts payable and accrued liabilities | **(32,086)** | 28,153 |
| City trusteeship payable | **(10,882)** | (7,510) |
| Deferred contributions | **(36,737)** | 42,996 |
| Post-employment benefits payable | **(770)** | 2,092 |
| | **(101,572)** | 81,559 |
| **Investing** | | |
| Sale of investments | **-** | 54,475 |
| Purchase of investments | **(45,440)** | (54,475) |
| | **(45,440)** | - |
| **Financing** | | |
| Long-term amount due from City of Toronto | **770** | (2,092) |
| **Capital** | | |
| Acquisition of tangible capital assets | **-** | (16,877) |
| (Decrease) increase in cash | **(146,242)** | 62,590 |
| Cash, beginning of year | **379,816** | 317,226 |
| Cash, end of year | **$ 233,574** | $ 379,816 |

See accompanying notes to the financial statements.

## 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 of Management 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 saccordance with its approved annual budget, but may retain any surplus from program activities.

## 2. 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.

The Centre controls East Toronto Family Community Centre, a charitable organization. The Centre has chosen to account for the controlled not-for-profit organization by consolidating the controlled organization in its financial statements.

## 2. Significant accounting policies (continued)

### 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.

### 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, accounts receivable and due from City of Toronto. 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 |

## 2. Significant accounting policies (continued)

### 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 financial statements in accordance with PSAS-GNPO 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. 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.

### 3. Change in accounting policies

Effective January 1, 2023, the Centre adopted new Public Sector Accounting Standards Sections PS3450 *Financial Instruments* and PS1201 *Financial Statement Presentation* along with related amendments. New Section PS3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, liabilities, or both on a fair value basis.

The measurement requirements were applied prospectively. There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a statement of remeasurement gains or losses.

### 4. Investments

Investment consist of guaranteed investment certificates maturing between July 2024 and October 2024 (2022 - July 2023) with fixed interest rate between 4.00% and 5.35% (2022- 0.55%).

### 5. Due from 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 2023 (unaudited) | **2023** | 2022 |
|---|---|---|---|
| **Administration expenses** | | | |
| Salaries and wages | $ 455,232 | **$ 456,896** | $ 442,316 |
| Employee benefits | 121,379 | **139,703** | 136,638 |
| Materials and supplies | 39,541 | **16,474** | 35,364 |
| Purchase of services | 52,548 | **93,017** | 63,429 |
| | $ 668,700 | **$ 706,090** | $ 677,747 |
| **Centre's actual administration revenue** | | | |
| Administration budget | | **$ 668,700** | $ 661,661 |

### 5. Funds provided by City of Toronto – Administration (continued)

| | | |
|---|---|---|
| **Centre's actual administration expense** | | |
| Administration expenses | **706,090** | 677,747 |
| Adjustments for: | | |
| Post-employment benefits, not funded by the City until paid, that are included in long-term amount due from City of Toronto | **770** | (2,092) |
| Vacation pay liability, not funded by the City until paid, that is included in Due from City of Toronto | **778** | (52) |
| | **707,638** | 675,603 |
| Administration expenses over approved budget | **$ (38,938)** | $ (13,942) |

| The due from City of Toronto balance is comprised of: | **2023** | 2022 |
|---|---|---|
| 2019 surplus payable | **$ (1,226)** | $ (1,226) |
| 2021 surplus payable | **(7,293)** | (7,293) |
| 2022 deficit receivable | **13,942** | 13,942 |
| 2023 deficit receivable | **38,938** | - |
| | **44,361** | 5,423 |
| Vacation receivable | **5,556** | 6,334 |
| | **$ 49,917** | $ 11,757 |

The Centre operates from a City of Toronto owned property at 86 Blake Street, 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

| | | | **2023** | 2022 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | **Net Book Value** | Net Book Value |
| Furniture and equipment | $ 208,580 | $ 163,980 | **$ 44,600** | $ 76,004 |
| Automotive equipment | 25,000 | 15,900 | **9,100** | 11,700 |
| | $ 411,632 | $ 357,932 | **$ 53,700** | $ 87,704 |

### 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, 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, life insurance, accidental death and long-term disability benefits to eligible employees. Depending upon the length of service and an individual's 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, 2023. 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 4.7%, post-employment 4.1%, sick leave 4.2%

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

| | **2023** | 2022 |
|---|---|---|
| Post-retirement benefits | **$ 203,557** | $ 201,443 |
| Post-employment income benefits | **190,305** | 204,803 |
| Continuation of benefits to disabled employees | **139,089** | 144,539 |
| | **532,951** | 550,785 |
| Unamortized actuarial loss | **(379,645)** | (396,709) |
| Post-employment benefit liability | **$ 153,306** | $ 154,076 |

### 7. Post-employment benefits payable and long-term account receivable (continued)

The continuity of the accrued benefit obligation is as follows:

| | | **2023** | | 2022 |
|---|---|---|---|---|
| Balance, beginning of year | **$** | **154,076** | $ | 151,984 |
| Current service cost | | **3,035** | | 4,698 |
| Interest cost | | **22,695** | | 14,695 |
| Amortization of actuarial loss | | **31,029** | | 36,877 |
| Benefits paid | | **(57,529)** | | (54,178) |
| Balance, end of year | **$** | **153,306** | $ | 154,076 |

A long-term receivable from the City of $153,306 in 2023 (2022 - $154,076) 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 $99,956 in 2023 (2022 - $98,418).

The most recent actuarial valuation of the Plan as at December 31, 2023 indicates the Plan is in a deficit position and the Plan's December 31, 2023 financial statements indicate a net deficit of $7,571 million (a deficit of $4,202 million plus adjustment of $3,369 million 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 contributions. 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 $177,867 (2022 - $197,630) 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.

### 8. Prenatal and nutrition support program (continued)

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

| | 2023 | 2022 |
|---|---|---|
| Eastview Neighbourhood Community Centre | **$ 100,817** | $ 75,339 |
| Hincks-Dellcrest Centre | **32,852** | 26,327 |
| Regent Park Community Health Centre | **31,680** | 29,731 |
| June Callwood Centre for Women & Families | **28,471** | 28,599 |
| Applegrove Community Complex | **26,074** | 23,993 |
| | **$ 219,894** | $ 183,989 |

At December 31, 2023, there was $14,892 of of undistributed funds included in accounts payable and accrued liabilities (2022 - $56,919).

### 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, 2023, the Centre had $1,692 (2022 - $12,574) of this funding remaining, included in City Trusteeship Payable.

### 10. Deferred contributions

| | 2023 | 2022 |
|---|---|---|
| Balance, beginning of year | **$ 138,889** | $ 95,893 |
| Contributions received | **441,563** | 723,912 |
| Revenue recognized | **(478,300)** | (680,916) |
| Balance, end of year | **$ 102,152** | $ 138,889 |

### 11. Deferred capital contributions

| | 2023 | 2022 |
|---|---|---|
| Balance, beginning of year | **$ 72,407** | $ 104,347 |
| Amortization of deferred capital contributions | **(25,991)** | (31,940) |
| Balance, end of year | **$ 46,416** | $ 72,407 |

### 12. Invested in tangible capital assets

Investment in tangible capital assets is calculated as follows:

| | 2023 | 2022 |
|---|---|---|
| Tangible capital assets | **$ 53,700** | $ 87,704 |
| Amounts financed by deferred capital contributions | **(46,416)** | (72,407) |
| Deferred capital contributions for assets not yet acquired | **14,461** | 14,461 |
| | **$ 21,745** | $ 29,758 |

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

| | 2023 | 2022 |
|---|---|---|
| Net revenue over expenses (expenses over revenue) | | |
| Amortization of deferred capital contributions | **$ 25,991** | $ 31,940 |
| Amortization of tangible capital assets | **34,004)** | (38,294) |
| | **$ (8,013)** | $ (6,354) |

### 13. Board designated reserves

| | 2023 | 2022 |
|---|---|---|
| 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 2023 (2022 - $Nil). 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 (2022 - $Nil).

### 15. Grants

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

| | **2023** | 2022 |
|---|---|---|
| City of Toronto | | |
| Children's Services – Family Resource Centre | **$ 198,099** | $ 149,644 |
| Community Funding Programs – Community Service Partnerships Programs | **76,920** | 72,022 |
| Children's Services – Summer Day Program | **14,000** | 14,000 |
| Other | **3,948** | 10,000 |
| | **$ 292,967** | $ 245,666 |

| | **2023** | 2022 |
|---|---|---|
| Province of Ontario | | |
| Ministry of Citizenship and Immigration – Newcomer Settlement Program | **$ 70,000** | $ 70,000 |
| Ministry of Health and Long Term Care – Senior Resources | **51,591** | 54,210 |
| Other | **1,097** | 6,097 |
| | **$ 122,688** | $ 130,307 |

### 16. Family Resources and Summer Camp Eastview

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

| | Family Resources | Summer Camp Eastview | **2023** | 2022 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Grants | | | | |
| City of Toronto | $ 202,047 | $ 14,000 | **$ 216,047** | $ 173,644 |
| United Way | 7,888 | - | **7,888** | 5,003 |
| Foundations | 18,215 | 34,094 | **52,309** | 41,626 |
| Government of Canada | 100,817 | 49,762 | **150,579** | 152,688 |
| Program income | - | 67,090 | **67,090** | 38,505 |
| Memberships | 90 | - | **90** | 749 |
| Donations | 247 | 11,000 | **11,247** | 1,864 |
| | 329,304 | 175,946 | **505,250** | 414,079 |
| **Expenses** | | | | |
| Salaries and wages | 176,402 | 101,696 | **278,098** | 255,258 |
| Employee benefits | 43,063 | 9,315 | **52,378** | 45,692 |
| Materials and supplies | 81,293 | 15,187 | **96,480** | 84,071 |
| Purchase of services | 29,256 | 34,754 | **64,010** | 23,945 |
| | 330,014 | 160,952 | **490,966** | 408,966 |
| (Deficiency) Excess of revenue over expenses | $ (710) | $ 14,994 | **$ 14,284** | $ 5,113 |

### 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.

### 17. Financial instruments ( continued)

#### 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.

*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.

*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.

*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.

### 18. Comparative figures

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

May 27, 2024

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

In connection with our audit of the consolidated financial statements of Eastview Neighbourhood Community Centre (the "Centre") as of December 31, 2023 and for the year then ended, we considered internal control over financial reporting ("internal control") as a basis for designing appropriate audit procedures. The purpose of our audit was to express an opinion on the financial statements, not to identify internal control matters. Therefore, we express no opinion on the effectiveness of internal control and it would be inappropriate to conclude that no internal control matters, including significant control deficiencies, exist beyond those included in this communication.

A deficiency in internal control exists where the design, implementation, operation or absence of a control means that internal controls are unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis. The Canadian Auditing Standards require that, where we identify internal control deficiencies during an audit, we assess their importance and severity and communicate them to management and those charged with governance, as appropriate. Deficiencies that are of sufficient importance to merit the attention of those charged with governance are described as "significant deficiencies".

## Significant control deficiencies

### Segregation of duties

In common with other organizations with a small accounting team, we noted an issue surrounding segregation of duties. We noted that the Finance Manager has the ability to post and approve journal entries in the accounting software. Also, there is no formal review of manual journal entries. Segregation of duties is a key control designed to prevent employees from both being able to commit and conceal errors or irregularities in the normal course of their duties. The ideal segregation of duties occurs when different employees initiate, authorize, record, verify, and report transactions, and have custody of assets. Adequate segregation of duties is required in order to ensure that the Centre's assets are properly safeguarded.

*Management Response*

Management believes that the current controls in place are sufficient given the size and complexity of the entity. The Finance Manager is the primary individual within the organization with the expertise to post manual journal entries accurately and in accordance with accounting principles. Management welcomes extensive substantive audit testing to be performed over such entries during the audit fieldwork. Based on the Report to the Board of Management for the year ended December 31, 2023 dated May 27, 2024, the auditors tested a sample of journal entries based on characteristics deemed unusual, and no matters of concern were noted. The Board of Management also meet regularly to review financial results with the budget which allows them to notice any irregularities or issues, if any.

## Conclusion

The matters reported in this communication are limited to those deficiencies we identified during the audit that we considered to be of sufficient importance to communicate to management and, in the case of significant deficiencies, those charged with governance. Had we performed more extensive procedures on internal control, including procedures subsequent to May 27, 2024, we might have identified more deficiencies or reached different conclusions about the deficiencies included in this communication.

This communication is intended solely for the information and use of management, those charged with governance, and others within the Centre and is not intended to be and should not be used by anyone other than these specified parties.

Yours sincerely,
Grant Thornton LLP

Grant Thornton LLP

David Fioretti, CPA, CA
Principal