

DOVERCOURT BOYS' AND GIRLS' CLUB

(a charitable organization)

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the members of **Dovercourt Boys' And Girls' Club**

Opinion

We have audited the accompanying financial statements of Dovercourt Boys' And Girls' Club, which comprise the statement of financial position as at March 31, 2020, and the statement of financial position, statement of changes in net assets, statement of operations and statement of cash flows for the year then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenues from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2020 and current assets and net assets as at April 1, 2019 and March 31, 2020.

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 Organization 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to 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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor' s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor s report that includes 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 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 Organization s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization` s ability to continue as a going concern. If 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Respectfully submitted,



CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
October 19, 2020

DOVERCOURT BOYS' AND GIRLS' CLUB

(a charitable organization)

STATEMENT OF FINANCIAL POSITION

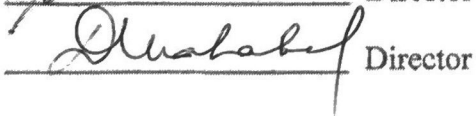
MARCH 31, 2020

	2020	2019
ASSETS		
Current		
Cash	\$ 136,899	\$ 94,001
Grants and accounts receivable	111,719	76,389
Prepaid expenses and HST receivable	<u>26,393</u>	<u>23,304</u>
	275,011	193,694
Leaseholds and equipment - at cost less accumulated amortization (note 2)	<u>67,134</u>	<u>100,805</u>
	<u>\$ 342,145</u>	<u>\$ 294,499</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 127,832	\$ 81,671
Government remittances payable	4,027	13,512
Deferred revenues (note 3)	202,893	90,980
Current portion of deferred capital contributions (note 3)	<u>-</u>	<u>21,951</u>
	334,752	208,114
NET ASSETS		
Unrestricted net assets	<u>7,393</u>	<u>86,385</u>
	<u>\$ 342,145</u>	<u>\$ 294,499</u>

Approved on behalf of the Board:



Director



Director

Contingent Liability (note 5)

The accompanying notes form an integral
part of these financial statements.

DOVERCOURT BOYS' AND GIRLS' CLUB

(A charitable organization)

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2020

	2020	2019
BALANCE - Beginning of year	\$ 86,385	\$ 80,045
Add - Excess (deficiency) of revenues over expenses	<u>(78,992)</u>	<u>6,340</u>
BALANCE - End of year	\$ <u>7,393</u>	\$ <u>86,385</u>

The accompanying notes form an integral
part of these financial statements.

DOVERCOURT BOYS' AND GIRLS' CLUB

(a charitable organization)

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2020

	Kids Korner Daycare # 1630	KK_St. Anthony Daycare # 16312	WM_Dovercour t Club House Summerday # 6994	WM_Dovercour Other	Junction Triangle Summerday # 9711	Junction Triangle Other	Other	Total 2020	Total 2019
Revenues									
Program Service Fees	152,869	84,531	307,055	551,302	61,323	234,605	50	1,391,735	1,359,700
Government Grants									
- Subsidized Daycare	52,803	71,534	-	-	-	-	-	124,337	203,073
- General Operating Funding	51,175	-	-	-	-	-	-	51,175	57,348
- Provincial Wage Enhancement	26,298	15,196	-	-	-	-	-	41,494	34,180
- One-Time stabilization Funding	6,711	15,660	-	-	-	-	-	22,371	-
- Summer Day Camp Funding	-	-	10,000	-	8,000	-	-	18,000	18,000
- Minor Capital	5,753	-	-	-	-	-	-	5,753	9,208
- Fee Stabilization Funding	1,880	841	-	-	-	-	-	2,721	12,625
- Special Need One on One	-	-	-	-	-	-	-	-	1,632
Canada Summer Jobs	-	-	70,182	-	-	-	-	70,182	47,040
Canada Emergency Wage Subsidy (CEWS)	1,781	1,606	-	5,853	-	3,878	7,136	20,254	-
Other Government Funding	-	-	-	246,622	-	108,750	-	355,372	309,923
United Way of Greater Toronto	-	-	-	100,000	-	-	-	100,000	198,678
Donation/Fundraising	-	-	25,370	159,526	10,000	3,600	-	198,496	285,592
Productive Enterprise	-	-	-	75,278	-	-	-	75,278	72,893
Membership	-	-	-	36,699	-	11,879	-	48,578	49,094
Investment Income	-	-	-	-	-	-	-	-	285
Amortization of Deferred Capital Contributions	-	-	-	-	-	-	21,951	21,951	263,418
Total Revenue	299,270	189,368	412,607	1,175,280	79,323	362,712	29,137	2,547,697	2,922,689
Expenses - Salary & Wages									
- Salaries & Wages	164,712	119,017	124,486	441,750	33,665	195,754	133,154	1,212,538	1,342,619
- Staff - Benefits	19,439	14,943	12,252	57,596	3,356	30,776	33,602	171,964	233,462
- Administration	34,602	30,373	-	76,655	-	58,339	178,840	378,809	306,832
Total Salary & wages	218,753	164,333	136,738	576,001	37,021	284,869	345,596	1,763,311	1,882,913
Expenses - Other									
- Program Related	52,616	14,498	24,182	98,705	18,423	13,943	39,117	261,484	308,170
- Food-Prepared On Premises	4,319	3,868	7,237	38,373	1,880	16,162	796	72,635	85,772
- Professional Fees	1,904	1,867	-	3,684	-	2,490	85,859	95,804	61,108
- Legal Fees	12,083	8,194	-	-	-	-	87,799	108,076	60,312
- Cleaning/Housekeeping	2,838	-	-	50,221	-	4,399	-	57,458	36,841
- Utilities/Maintenance	5,392	-	-	42,267	-	10,566	-	58,225	29,133
- Payment Processing	2,647	1,269	2,339	10,583	1,637	2,339	2,572	23,386	26,816
- Building Maintenance	1,562	-	-	9,703	-	943	-	12,208	25,600
- Insurance	2,300	1,146	-	116	-	-	23,881	27,443	25,582
- Catered Food	16,312	-	-	-	-	-	-	16,312	18,401
- School Board Permit Fees	140	3,423	-	5,039	-	2,400	8,871	19,873	14,920
- Office Related	1,198	383	-	6,284	5	1,355	3,300	12,525	13,093
- Outside Contract Service	955	406	2,970	4,497	-	1,141	2,470	12,439	11,756
- Promotional & Advertising	1,028	34	3,433	3,963	416	-	1,452	10,326	11,433
- Training & Development	292	66	1,663	2,084	-	737	2,231	7,073	10,396
- Travel for Programs	246	582	146	8,621	695	6,836	649	17,775	8,282
- Amortization	3,020	-	4,146	20,729	2,332	11,660	8,449	50,336	285,821
Total Expenses - Other	108,852	35,736	46,116	304,869	25,388	74,971	267,446	863,378	1,033,436
Total Expenses	327,605	200,069	182,854	880,870	62,409	359,840	613,042	2,626,689	2,916,349
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(28,335)	(10,701)	229,753	294,410	16,914	2,872	(583,905)	(78,992)	6,340

The accompanying notes form an integral part of these financial statements.

DOVERCOURT BOYS' AND GIRLS' CLUB
(a charitable organization)

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2020

	2020	2019
Cash and cash equivalents provided (used) in:		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ <u>(78,992)</u>	\$ <u>6,340</u>
Adjustment for:		
Amortization	50,338	285,821
Decrease in deferred capital contributions	<u>(21,952)</u>	<u>(263,418)</u>
	<u>28,386</u>	<u>22,403</u>
Changes in non-cash working capital:		
(Increase) decrease in grants and accounts receivable	(35,330)	14,083
Increase in prepaid expenses and HST receivable	(3,089)	(2,503)
Increase (decrease) in accounts payable and accrued liabilities	46,162	(58,351)
Decrease in government remittances payable	(9,485)	(16,602)
Increase in deferred revenues	<u>111,913</u>	<u>24,669</u>
	<u>110,171</u>	<u>(38,704)</u>
Cash flow from operating activities:	<u>59,565</u>	<u>(9,961)</u>
Cash flow from investing activities:		
Purchase of leaseholds and equipment	<u>(16,667)</u>	<u>(48,146)</u>
Net increase (decrease) in cash and cash equivalents	42,898	(58,107)
CASH AND CASH EQUIVALENTS - Beginning of the year	<u>94,001</u>	<u>152,108</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 136,899</u>	<u>\$ 94,001</u>

The accompanying notes from an integral
part of these financial statements

DOVERCOURT BOYS' AND GIRLS' CLUB
(a charitable organization)
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit organizations in Part III of the CPA Canada Handbook - Accounting.

(a) PURPOSE OF THE ORGANIZATION

The mission of the organization is to meet the social, educational, cultural and physical development needs of boys and girls aged 2½ to 17 years, living within the vicinity of the organization.

The organization is incorporated under the laws of the Province of Ontario as not-for-profit organization, is a registered Canadian charitable organization, registration number 12772 2304 RR0001 and is exempt from income taxes under Section 149 of *The Income Tax Act*.

(b) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and deposits with banks.

(c) GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable include amounts due from government contracts as well as service receivables from daycare, memberships and other revenue sources. Unless otherwise provided for, all receivables are expected to be collected within 90 days.

(d) LEASEHOLDS AND EQUIPMENT

Leaseholds and equipment are recorded at cost when purchased and are subsequently measured at cost less accumulated amortization. They are amortized over their estimated useful lives using the straight-line method over the following periods:

Leasehold improvements	-	straight line over remainder of lease
Office furniture and equipment	-	amortized over 5 years
Infrastructure Improvements	-	amortized over 10 years
Computer equipment	-	amortized over 3 years

DOVERCOURT BOYS' AND GIRLS' CLUB
(a charitable organization)
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(e) REVENUE RECOGNITION

- (i) Program service fees, government funding and United Way of Greater Toronto funding, donations and membership revenues are accounted for using the deferral method. Accordingly, contributions subject to externally imposed restrictions are initially recorded as deferred revenue and are subsequently recognized as revenue in the year in which the related expenses are incurred. Some funding, like the CEWS are temporary funds received from the government to retain employees during the COVID-19 pandemic. They are recorded using the deferral method and would be repayable if they are determined that the organization does not meet the criteria.
- (ii) Donated goods and services are not recorded in the accounts of the organization, except when a fair value of such goods and services can be reasonably estimated and when the goods and services are normally purchased by the organization and would be paid for if not donated. Volunteers contribute significant amounts of time to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these statements.
- (iii) Charitable donations in kind are recorded in the financial statements if donation receipts are issued and fair value of the donation can be reasonably determined.
- (iv) Amortization of deferred capital contributions is recognized on a straight line basis over the remainder of the lease.
- (v) If government funding is not fully used up, it is repayable to the government.
- (vi) Fundraising revenue is recognized when received, unless for a particular project, in which case it will be recognized using the deferral method.

(f) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations requires the organization's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of COVID-19 which will affect economic activity in the coming year. The full extent of the impact of COVID-19 or any potential legislative action on the organization's operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on a macro-scale and any new information that may emerge concerning the severity of the virus. These uncertainties may persist beyond when it is determined how to contain the virus or treat its impact. Actual results may differ in respect to the estimates and assumptions used by Management in the preparation of its financial results.

(g) FINANCIAL INSTRUMENTS

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, grants and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue and deferred capital contributions.

DOVERCOURT BOYS' AND GIRLS' CLUB
(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

2. LEASEHOLDS AND EQUIPMENT

	Cost	Accumulated Amortization	2020 Net	2019 Net
Leasehold improvements	\$ 1,970,595	\$ 1,970,595	\$ -	\$ 21,019
Office furniture and equipment	66,326	28,309	38,017	36,445
Infrastructure Improvements	16,351	7,269	9,082	11,506
Computer equipment	<u>52,874</u>	<u>32,839</u>	<u>20,035</u>	<u>31,835</u>
	<u>\$ 2,106,146</u>	<u>\$ 2,039,012</u>	<u>\$ 67,134</u>	<u>\$ 100,805</u>

3. DEFERRED REVENUE

	2020	2019
City of Toronto - Community Service Partnership	\$ 23,270	\$ 22,310
City of Toronto - General Operating Fund	12,058	15,001
City of Toronto - Fee Stabilization funding	40,269	-
Donations and fundraising	110,644	37,998
Membership	<u>16,652</u>	<u>15,671</u>
	<u>\$ 202,893</u>	<u>\$ 90,980</u>

4. DEFERRED CAPITAL CONTRIBUTIONS

	2020	2019
Balance - Beginning of year	\$ 21,951	\$ 285,369
Amortization	<u>(21,951)</u>	<u>(263,418)</u>
Balance - End of year	\$ -	\$ 21,951
Represented by:		
Current portion	\$ -	\$ 21,951
Long term portion	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 21,951</u>

The majority of this balance relates to the construction of the 2nd level of the Westmoreland Avenue property. This property is under lease from the City of Toronto for 20 years commencing in 1999 and ending in May, 2020.

5. CITY OF TORONTO

Included in the accounts of deferred revenues, government funding revenue and payroll expenses are the following programs.

DOVERCOURT BOYS' AND GIRLS' CLUB
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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

	Kids Korner	Dovercourt - St. Anthony
City of Toronto General Operating Fund		
Deferred from prior years	\$ 15,001	\$ -
Received in this fiscal year	48,232	-
Receivable for this fiscal year	-	-
Expensed in this fiscal year	<u>51,175</u>	<u>-</u>
Deferred to future years	\$ <u>12,058</u>	\$ <u>-</u>
City of Toronto Fee Stabilization Funding		
Deferred from prior years	\$ 1,880	\$ 841
Received in this fiscal year	-	-
Receivable for this fiscal year	-	-
Expensed in this fiscal year	<u>1,880</u>	<u>841</u>
Deferred to future years	\$ <u>-</u>	\$ <u>-</u>
City of Toronto One Time Stability Grant		
Deferred from prior years	\$ -	\$ -
Received in this fiscal year	18,792	43,848
Receivable for this fiscal year	-	-
Expensed in this fiscal year	<u>6,711</u>	<u>15,660</u>
Deferred to future years	\$ <u>12,081</u>	\$ <u>28,188</u>
Provincial Wage Enhancement		
Deferred from prior years	\$ 5,692	\$ 2,853
Received in this fiscal year	21,417	12,023
Receivable for this fiscal year	4,881	3,173
Expensed in this fiscal year	<u>31,990</u>	<u>18,049</u>
Deferred to future years	\$ <u>-</u>	\$ <u>-</u>
City of Toronto Minor Capital		
Deferred from prior years	\$ -	\$ -
Received in this fiscal year	5,754	-
Receivable for this fiscal year	-	-
Expensed in this fiscal year	<u>5,754</u>	<u>-</u>
Deferred to future years	\$ <u>-</u>	\$ <u>-</u>

DOVERCOURT BOYS' AND GIRLS' CLUB
(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

6. CONTRIBUTED USE OF FACILITIES

Dovercourt Boys' and Girls' club used facilities owned by the City of Toronto that leases it out to the organization for \$2 per year and does not specify any purpose restrictions. The lease ended May 2019 and is yet to be renewed. The organization believes rent will continue to be \$2 per year for the foreseeable future and the estimated market rent of the building is undeterminable given the current state of the building.

7. FINANCIAL INSTRUMENTS

(a) Liquidity Risk

Liquidity risk is a risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The organization is exposed to liquidity risk arising primarily from the requirement to pay its payables and withholding taxes. The organization's ability to meet these obligations depends on the receipt of funds from its operations, which it monitors closely.

(b) The organization believes that it is not exposed to significant interest, currency, credit, market or other price risks arising from holding financial instruments.

8. SUBSEQUENT EVENTS - COVID - 19

In March of 2020, the World Health Organization declared a pandemic due to the COVID-19 outbreak. This caused the club to cease operations from March 15th to July 6, 2020. Parts of the organization's workforce has been forced to work from home and others have been laid off temporarily. During the shutdown, program service fees dropped substantially. The organization successfully applied for government assistance utilizing the Canada Emergency Wage Subsidy relief program for employees that were still employed. During this time, donors increased their donations to help with the COVID-19 decrease in program fees. The organization managed to save up more money it might not have otherwise, and free cash flow has increased subsequent to year end.

It is unknown how long this pandemic will continue. The longer it continues the more negative economic impact it will have on the organization. Management is keeping a close eye on the situation and is prepared to take mitigation actions such as staffing cuts, closure of the pool or other parts of the club to reduce costs. If CEWS funding ceases before the pandemic ends, the organization would need to cut back substantially on almost all expenses, and since the majority of the expenses are wages, they believe their cash balance could keep them as a viable entity for the foreseeable future as they weight their options. The extent of this financial impact cannot be determined at this time.

9. RECLASSIFICATION OF COMPARATIVE FIGURES

Prior year's figures have changed to conform with current year's financial statement presentation requirements. There is no effect on the excess of revenues over expenses.