

DOVERCOURT BOYS' AND GIRLS' CLUB

(a charitable organization)

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

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BERMAN, LOFCHICK & LUM, LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

MARSHALL LOFCHICK, B.A. (HONS.), CPA, CA
WINSTON LUM, B.Comm., CPA, CA
ISAAC ALTBERG, BSc., CPA, CA

230 SHEPPARD AVENUE WEST
SUITE 300
TORONTO, ONTARIO M2N 1N1
TELEPHONE: (416) 229-9360
FAX: (416) 229-9375
marsh31@rogers.com
wilum@rogers.com
isaac.altberg@rogers.com

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, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

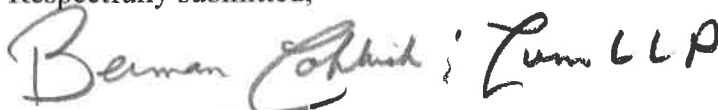
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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
July 30, 2019

DOVERCOURT BOYS' AND GIRLS' CLUB

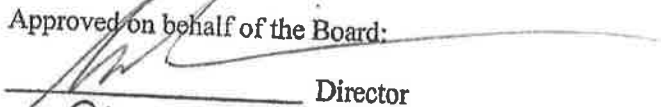
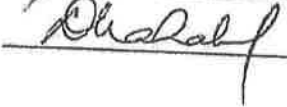
(a charitable organization)

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

	2019	2018
ASSETS		
Current		
Cash		
Grants and accounts receivable	\$ 94,001	\$ 152,108
Prepaid expenses and HST receivable	67,845	90,472
	<u>31,848</u>	<u>20,801</u>
	193,694	263,381
Leaseholds and equipment - at cost less accumulated amortization (note 2)	<u>100,805</u>	<u>338,480</u>
	<u>\$ 294,499</u>	<u>\$ 601,861</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 81,671	\$ 140,022
Government remittances payable	13,512	30,114
Deferred revenues	90,980	66,311
Current portion of deferred capital contributions (note 3)	<u>21,951</u>	<u>263,418</u>
	208,114	499,865
Long-term		
Deferred capital contributions (note 3)	<u>-</u>	<u>21,951</u>
	<u>208,114</u>	<u>521,816</u>
NET ASSETS		
Unrestricted net assets	<u>86,385</u>	<u>80,045</u>
	<u>\$ 294,499</u>	<u>\$ 601,861</u>

Approved on behalf of the Board:

 Director
 Director

Contingent Liability (Note 5)

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

BERMAN, LOPECHICK & LUM, LLP
 CHARTERED PROFESSIONAL ACCOUNTANTS

DOVERCOURT BOYS' AND GIRLS' CLUB

(A charitable organization)

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2019

	2019	2018
BALANCE - Beginning of year	\$ 80,045	\$ 93,497
Add - Excess (deficiency) of revenues over expenses	<u>6,340</u>	<u>(13,452)</u>
BALANCE - End of year	\$ <u>86,385</u>	\$ <u>80,045</u>

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

DOVERCOURT BOYS' AND GIRLS' CLUB

(a charitable organization)

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2019

	Kids Korner Club House	Kids Korner St Anthony	Westmoreland	Junction Triangle	OTHER	Total 2019	Total 2018
REVENUES							
Program service fees	\$ 214,523	\$ 96,054	\$ 551,539	\$ 310,241	\$ 187,343	\$ 1,359,700	\$ 1,139,750
City of Toronto General Operating Grant	57,348	-	-	-	-	57,348	-
City of Toronto Pay Equity Funding	5,120	-	-	-	-	5,120	-
City of Toronto Fee Stabilization Funding	12,625	-	-	-	-	12,625	-
City of Toronto Minor Capital	9,208	-	-	-	-	9,208	-
City of Toronto Special Needs One on One	1,632	-	-	-	-	1,632	-
City of Toronto Summer Day program	-	-	18,000	-	-	18,000	-
Provincial Wage Enhancement	22,768	11,412	-	-	-	34,180	-
Other government funding	57,893	117,501	190,982	117,553	70,987	554,916	684,881
United Way of Greater Toronto	-	-	104,448	58,752	35,478	198,678	299,895
Amortization of Deferred Capital Contribution	-	-	138,483	77,896	47,039	263,418	263,418
Donation/ Fundraising	-	-	150,140	84,454	50,998	285,592	210,223
Productive enterprise	-	-	72,893	-	-	72,893	55,192
Membership	-	-	37,255	11,839	-	49,094	46,931
Investment income	-	-	285	-	-	285	22
	<u>381,117</u>	<u>224,967</u>	<u>1,264,025</u>	<u>660,735</u>	<u>391,845</u>	<u>2,922,689</u>	<u>2,700,312</u>
EXPENSES							
Payroll	319,125	122,863	757,515	426,102	257,308	1,882,913	1,714,843
Club Program exp.	70,041	29,352	199,985	112,492	67,930	479,800	462,600
Occupancy and administration	14,076	12,195	50,912	28,638	17,294	123,115	111,139
Professional and consulting fees	10,129	18,811	60,857	34,232	20,671	144,700	146,698
Amortization	<u>17,149</u>	<u>-</u>	<u>141,245</u>	<u>79,450</u>	<u>47,977</u>	<u>285,821</u>	<u>278,484</u>
	430,520	183,221	1,210,514	680,914	411,180	2,916,349	2,713,764
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ <u>(49,403)</u>	\$ <u>41,746</u>	\$ <u>53,511</u>	\$ <u>(20,179)</u>	\$ <u>(19,335)</u>	\$ <u>6,340</u>	\$ <u>(13,452)</u>

DOVERCOURT BOYS' AND GIRLS' CLUB

(a charitable organization)

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2019

	2019	2018
Cash and cash equivalents provided (used) in:		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ <u>6,340</u>	\$ <u>(13,452)</u>
Adjustment for:		
Amortization	<u>285,821</u>	<u>278,484</u>
Changes in non-cash working capital:		
(Increase) decrease in grants and accounts receivable	22,627	(42,362)
Increase in prepaid expenses and HST receivable	(11,047)	(124)
Increase (decrease) in accounts payable and accrued liabilities	(58,351)	38,266
Increase (decrease) in government remittances payable	(16,602)	6,032
Increase (decrease) in deferred revenues	24,669	(9,614)
Decrease in deferred capital contributions	<u>(263,418)</u>	<u>(263,418)</u>
	<u>(302,122)</u>	<u>(271,220)</u>
Cash flow from operating activities:	<u>(9,961)</u>	<u>(6,188)</u>
Cash flow from investing activities:		
Purchase of leaseholds and equipment	<u>(48,146)</u>	<u>(37,723)</u>
Net decrease in cash and cash equivalents	(58,107)	(43,911)
CASH AND CASH EQUIVALENTS - Beginning of the year	<u>152,108</u>	<u>196,019</u>
CASH AND CASH EQUIVALENTS - End of year	\$ <u>94,001</u>	\$ <u>152,108</u>

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

DOVERCOURT BOYS' AND GIRLS' CLUB

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

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 Handbook.

(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 2394 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

Continued...

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DOVERCOURT BOYS' AND GIRLS' CLUB

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

...Continued

(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.
- (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. Actual results may differ from these estimates.

(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.

Continued...

DOVERCOURT BOYS' AND GIRLS' CLUB

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

...Continued

2. LEASEHOLDS AND EQUIPMENT

	Cost	Accumulated Amortization	2019 Net	2018 Net
Leasehold improvements	\$ 1,970,595	\$ 1,949,576	\$ 21,019	\$ 272,584
Office furniture and equipment	118,415	81,970	36,445	46,361
Infrastructure Improvements	16,351	4,845	11,506	9,046
Computer equipment	<u>50,794</u>	<u>18,959</u>	<u>31,835</u>	<u>10,489</u>
	<u>\$ 2,156,155</u>	<u>\$ 2,055,350</u>	<u>\$ 100,805</u>	<u>\$ 338,480</u>

3. DEFERRED CAPITAL CONTRIBUTIONS

	2019	2018
Balance - Beginning of year	\$ 285,369	\$ 548,787
Amortization	<u>(263,418)</u>	<u>(263,418)</u>
Balance - End of year	\$ <u>21,951</u>	\$ <u>285,369</u>
Represented by:		
Current portion	\$ 21,951	\$ 263,418
Long term portion	<u>-</u>	<u>21,951</u>
	\$ <u>21,951</u>	\$ <u>285,369</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, 2019.

4. CITY OF TORONTO

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

Continued...

DOVERCOURT BOYS' AND GIRLS' CLUB

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

...Continued

	Kids Korner	Dovercourt - St. Anthony
City of Toronto General Operating Grant		
Deferred from prior years	\$18,900	\$ -
Received in this fiscal year	53,449	-
Expensed in this fiscal year	57,348	-
Returned to Children's Services this fiscal year	-	-
Deferred to future years	15,001	-
City of Toronto Pay Equity Funding		
Deferred from prior years	-	-
Received in this fiscal year	5,120	-
Receivable for this fiscal year	-	-
Expensed in this fiscal year	5,120	-
Returned to Children's Services this fiscal year	-	-
Deferred to future years	-	-
City of Toronto Fee Stabilization Funding		
Deferred from prior years	-	-
Received in this fiscal year	12,625	-
Receivable for this fiscal year	1,880	841
Expensed in this fiscal year	12,625	-
Returned to Children's Services this fiscal year	-	-
Deferred to future years	1,880	841
Provincial Wage Enhancement		
Deferred from prior years	5,692	2,843
Received in this fiscal year	22,768	11,412
Receivable for this fiscal year	-	-
Expensed in this fiscal year	22,768	11,412
Returned to Children's Services this fiscal year	-	-
Deferred to future years	5,692	2,853

5. 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.