

Financial statements of

Moorelands Community Services

December 31, 2016

Tinkham & Associates LLP

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of
Moorelands Community Services

We have audited the accompanying financial statements of Moorelands Community Services, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Moorelands Community Services as at December 31, 2016 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.

TORONTO, Ontario
March 22, 2017

Tinkham & Associates LLP
CHARTERED ACCOUNTANTS

Licensed Public Accountants


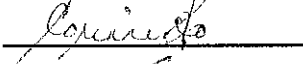
Moorelands Community Services
Statement of Financial Position

As at December 31	2016	2015
Current assets		
Cash	\$ 575,208	\$ 333,532
Short-term investments (note 3)	723,983	591,098
Accounts receivable	45,999	966
Sales tax receivable	25,794	24,649
Prepaid expenses and other assets	37,596	34,975
	1,408,580	985,220
Current liabilities		
Accounts payable and accrued liabilities	23,978	22,648
Deferred contributions (note 4)	19,575	15,575
	43,553	38,223
Net working capital	1,365,027	946,997
Internally restricted investments (note 3)	429,160	412,231
Cash surrender value of life insurance	41,747	27,026
Capital assets (note 5)	2,313,173	2,487,170
	\$ 4,149,107	\$ 3,873,424
Fund balances		
Restricted funds (note 6)	\$ 1,835,934	\$ 1,386,254
Invested in capital assets	2,313,173	2,487,170
	\$ 4,149,107	\$ 3,873,424

Commitments (note 7)

See accompanying note to financial statements.

On behalf of the Board:

 Director
 Director

Moorelands Community Services
Statement of Operations and Changes in Fund Balances

Year ended December 31	General Fund			Restricted Funds (note 6)		Invested in Capital Assets		Total
	2016	2015	2016	2015	2016	2015		
Revenues								
Donations and grants	\$ 1,190,646	\$ 1,130,189	\$ -	\$ 17,350	\$ -	\$ -	\$ 1,190,307	\$ 1,147,539
Legacies	50,000	50,000	-	96,585	-	-	429,493	146,585
Program fees	141,316	147,662	-	-	-	-	141,316	147,662
Gifts in kind	53,868	73,944	-	-	-	-	53,868	73,944
Investment income (note 3)	62,135	50,593	12,929	4,026	-	-	75,064	54,619
Facility rentals	47,498	46,045	-	-	-	-	47,498	46,045
Tax rebates	5,406	5,602	-	-	-	-	5,406	5,602
Miscellaneous	4,751	-	-	-	-	-	4,751	-
	1,555,620	1,504,035	392,083	117,961	-	-	1,947,703	1,621,996
Expenses								
Camp	700,907	752,352	-	-	-	-	700,907	752,352
City programs	334,712	291,308	-	-	-	-	334,712	291,308
Fundraising	266,242	268,728	-	-	-	-	266,242	268,728
Administration	106,193	91,159	-	-	-	-	106,193	91,159
Public awareness	82,128	72,099	-	-	-	-	82,128	72,099
Amortization	-	-	-	-	181,838	186,786	181,838	186,786
	1,490,182	1,475,646	-	-	181,838	186,786	1,672,020	1,662,432
Excess (deficiency) of revenue over expenses for the year	65,438	28,389	392,083	117,961	(181,838)	(186,786)	275,683	(40,436)
Inter-fund transfers (note 6)	(65,438)	(28,389)	65,438	28,389	-	-	-	-
Invested in capital assets	-	-	(7,841)	(9,261)	7,841	9,261	-	-
Net change in fund balance	-	-	449,680	137,089	(173,997)	(177,525)	275,683	(40,436)
Balance, beginning of year	-	-	1,386,254	1,249,165	2,487,170	2,664,695	3,873,424	3,913,860
Balance, end of year	\$ -	\$ -	\$ 1,835,934	\$ 1,386,254	\$ 2,313,173	\$ 2,487,170	\$ 4,149,107	\$ 3,873,424

See accompanying notes to financial statements.

Moorelands Community Services
Statement of Cash Flows

Year ended December 31	2016	2015
Cash provided (used) by operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ 275,683	\$ (40,436)
Items not affecting cash		
Amortization	181,838	186,786
Realized (gain) loss on investments	(1,989)	2,566
Unrealized (gain) loss on investments	(30,808)	(396)
	424,724	148,520
Changes in non cash working capital balances:		
Accounts receivable	(45,033)	6,859
Cash surrender value of life insurance	(14,721)	(14,435)
Sales tax receivable	(1,145)	286
Prepaid expenses	(2,621)	(6,098)
Accounts payable and accrued liabilities	1,330	(9,353)
Deferred revenue	4,000	(31,525)
	(58,190)	(54,266)
Net cash provided by operating activities	366,534	94,254
Cash used by investment activities:		
Net proceeds from sale (purchase) of short-term investments	(116,526)	(225,554)
Net proceeds from sale (purchase) of internally restricted investments	(491)	(6,192)
(Purchase) of capital assets	(7,841)	(9,261)
Net cash used by investment activities	(124,858)	(241,007)
Net increase (decrease) in cash	241,676	(146,753)
Cash, beginning of year	333,532	480,285
Cash, end of year	\$ 575,208	\$ 333,532

See accompanying note to financial statements.

Moorelands Community Services

Notes to Financial Statements

December 31, 2016

1 Nature of operations

Moorelands Community Services ("the Organization") is a charitable organization that works with Toronto children and youth affected by poverty, to provide them with positive and fun experiences to help strengthen their confidence, competence, and character. These goals are achieved through a summer wilderness camping experience at Moorelands Camp and year-round city programs, including after-school and leadership programs and city summer day camp.

The Organization was founded in 1912 and incorporated as a non-profit organization without share capital in 1917 under the Laws of Ontario. The Organization is a registered charity under the Canadian Income Tax Act and is exempt from income tax provided certain criteria are met.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Significant accounting policies are:

(a) Basis of Accounting

The Organization follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and grants that are designated for specific operating purposes.

The Net Investment in Capital Assets Fund reports the revenues that have been invested in capital assets.

The Restricted Funds report the contributions which have been designated by the Board or by the donor for a specific purpose and are not available for unrestricted purposes without approval of the Board of Directors. The restricted funds are comprised of the following:

- (i) The Capital Fund reports the contributions which have been designated, by the donor or by the Board, to be used for the acquisition of capital assets, and reports the expenses directly related to such acquisitions.
- (ii) The Operating Reserve Fund was established to provide the Organization with financial stability in the event of an unforeseen crisis, including a significant drop in fundraising revenues. The goal is to maintain the fund at an amount equal to 50% of the Organization's annual operating budget.
- (iii) The Bursary Fund reports contributions that are required by the contributors to be permanently held as capital. The income earned on these contributions is transferred to the operating fund annually.
- (iv) The Endowment Fund reports contributions that are required by the contributors to be permanently held as capital. Each year a total of 4% of the book value of the Endowment Fund investment pool will be transferred to the operating fund. In years when the investment return exceeds the 4% target, the excess earned income will remain in the Endowment investment pool; in years when the return falls short of the 4% target, the income will be augmented by a withdrawal of capital.

(b) Cash

Cash includes cash deposits in the bank.

(c) Investments

Money market funds and marketable securities are recorded at market values.

Guaranteed investment certificates are recorded at amortized cost which approximates fair value.

Moorelands Community Services

Notes to Financial Statements

December 31, 2016

2 Significant accounting policies (continued)

(d) Capital assets

The Organization records capital assets at cost less accumulated amortization. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the consolidated statement of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases. As at December 31, 2016, no such impairment exists.

Capital assets are depreciated over their estimate useful lives using the straight-line basis over the following periods:

Buildings	20 years
Equipment, furniture, and fixtures	3 1/3 - 10 years
Vehicles	3 1/3 years
Vehicles - Water	3 - 10 years
Telephone system	5 years
Computer equipment	3 years
Computer software	5 years

(e) Deferred contributions

Deferred contributions represent the deferred portion of contributions and funds received for specific projects for which no corresponding restricted fund is presented. Deferred contributions are recognized as revenue when the related expenses are incurred.

(f) Revenue recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received.

Special events revenue is recognized on completion of the event.

The Organization may be the beneficiary under various wills and trust agreements. The total realizable amounts are not at present readily determinable. The Organization recognizes such bequests when the proceeds are received.

Investment income earned on Endowment Fund resources is reported in the General Fund in accordance with the restrictions imposed by the fund policy. Other investment income is recognized as revenue of the General Fund on an accrual basis. The unrealized gain or loss on investments, being the difference between book value and fair value, is included in income in the statement of operations.

Camper and program fee revenues are recognized as revenue of the General Fund in the year in which it is earned.

(g) Expenditures

Expenditures are charged to operating expense categories which include camp expense, city programs, public awareness, administration and fundraising according to the activity to which they benefit. The basis of allocation among categories may be revised according to circumstances prevailing at any given time.

Moorelands Community Services

Notes to Financial Statements

December 31, 2016

2 Significant accounting policies (continued)

(g) Expenditures (continued)

Administrative and fundraising expenses are incurred to operate the Organization and its programs in a cost-effective manner while maximizing all opportunities to further the Organization's mission. The Organization allocates certain of its administrative and fundraising expenditures to the operating expense categories based on management's best estimate based on time for labour and usage of materials, and applies that basis consistently each year.

(h) Contributed goods and services

The value of goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

Volunteers provide invaluable donated services to the Organization. Since volunteer time cannot be easily estimated, these contributed services are not recognized in the financial statements.

(i) Financial instruments

(i) Measurement

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

The Organization subsequently measures its financial assets and liabilities at amortized cost, except for marketable securities that are quoted in an active market which are measured at fair value based on quoted market prices. Changes in fair value are recognized in the statement of operations.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. The carrying value of these financial assets and liabilities are determined to be at fair value due to the short-term nature of these accounts.

(ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired.

(j) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Moorelands Community Services

Notes to Financial Statements

December 31, 2016

3 Investments

Short term investments are comprised of the following:

As at December 31	2016	2015
Short term investments		
PH&N Canadian money market fund	\$ 42,088	\$ 40,492
PH&N balanced fund	377,474	348,344
Guaranteed investment certificate including accrued interest of \$2,021 (2015 - \$2,262)	304,421	202,262
	723,983	591,098
Internally restricted investments		
PH&N balanced fund	429,160	412,231
Total investments, at quoted market value	\$ 1,153,143	\$ 1,003,329
Total investments, at cost	\$ 1,060,409	\$ 941,413

Internally restricted investments are accounted for in accordance with the bursary and endowment fund policy, as described in note 2(f).

Investment income has been recognized in the restricted funds as follows:

Year ended December 31	2016	2015
Endowment	\$ 27,458	\$ 18,384
Bursary	3,804	2,350
Less: transfer 4% of endowment income to operating fund	(14,529)	(14,358)
Less: transfer bursary income to operating fund	(3,804)	(2,350)
Total restricted fund investment income	\$ 12,929	\$ 4,026

PH&N Canadian money market fund

The PH&N Canadian money market fund investments are recorded at fair value based on year end quoted market prices. The investment objective of this fund is to provide a steady level of current income while preserving capital by investing in a well-diversified portfolio of short term Canadian money market securities. The underlying investments are comprised of commercial paper, bank deposits, bankers acceptance and provincial bills.

PH&N balanced fund

The PH&N balance fund investments are recorded at fair value based on year end quoted market prices. The investment objective of this fund is to provide long-term capital growth and income by investing primarily in a well-diversified, balanced portfolio of Canadian common stocks, bonds and money market securities. This fund also holds a portion of its assets in foreign common stock.

Guaranteed investment certificate

The guaranteed investment certificates ("GIC") have been recorded at amortized cost which approximates fair value. The GIC investments mature on dates ranging from January 20, 2016 to October 13, 2016 (2015 - January 21, 2016) and bear interest at rates ranging from 0.50% to 1.00% (2015 - 1.2%).

Moorelands Community Services

Notes to Financial Statements

December 31, 2016

3 Investments (continued)

Total investments asset mix

The Organization's total investment asset mix is as follows:

Cash & short term	31%	\$	358,801
Fixed income	26%		299,511
Canadian equity	22%		249,246
US equity	11%		129,052
International equity	10%		116,533
		\$	<u>1,153,143</u>

4 Deferred contributions

Deferred contributions consist of the following:

	2016			2015	
	Opening	Additions	Revenue	Deferred	Deferred
Capital funding	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ -
Wilderness camp	4,000	4,000	4,000	4,000	4,000
Program fees	75	3,075	75	3,075	75
Student bursaries	-	2,500	-	2,500	-
After school program	8,500	-	8,500	-	8,500
Donations in-kind	3,000	-	3,000	-	3,000
	\$ 15,575	\$ 19,575	\$ 15,575	\$ 19,575	\$ 15,575

5 Capital assets

As at December 31	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 135,363	\$ -	\$ 135,363	\$ -
Building	3,904,171	1,763,897	3,896,330	1,611,352
Equipment, furniture and fixtures	449,757	445,221	449,757	437,216
Vehicles	281,257	256,156	281,257	247,319
Telephone system	41,724	40,748	41,724	40,016
Computer equipment and software	194,922	187,999	194,922	176,280
	\$ 5,007,194	\$ 2,694,021	\$ 4,999,353	\$ 2,512,183
Net book value		\$ 2,313,173		\$ 2,487,170

Moorelands Community Services

Notes to Financial Statements

December 31, 2016

6 Restricted funds

The restricted funds consist of resources that have been allocated for specific purposes by the Board of Directors. The restricted funds are comprised of the following:

	Opening	Revenue	Expense	Transfers	Ending
Operating reserve	\$ 673,099	\$ -	\$ -	\$ 65,438	\$ 738,537
Capital	300,924	375,154	(7,841)	-	668,237
Endowment	363,231	12,929	-	-	376,160
Bursary	49,000	4,000	-	-	53,000
	\$ 1,386,254	\$ 392,083	\$ (7,841)	\$ 65,438	\$ 1,835,934

For the year ended December 31, 2016, transfers of \$65,438 (2015 - \$28,389) between the General Fund and Restricted Funds were approved by the Board of Directors.

7 Commitments

The Organization has entered into lease agreements for its premises and photocopier both expiring on October 31, 2018 and the postage machine which expires June 30, 2021. The lease for premises contains an option to renew for a further five year term.

Future minimum lease payments, before HST, for the next four years under the operating lease agreements are as follows:

	Premises	Equipment	Total
2017	\$ 65,186	\$ 6,273	\$ 71,459
2018	54,322	5,675	59,997
2019	-	2,685	2,685
2020	-	2,685	2,685

In addition to the minimum lease payments for its premises, the operating lease requires that the Organization be responsible for normal escalations in realty taxes, operating costs and hydro consumption charges over those costs for the 2002 calendar year, which is considered to be the base year.

8 Allocated expenses

Certain administrative and fundraising expenses are allocated by management using their best estimate based on time for labour and usage for materials to the activities which they benefit.

Administrative expenses have been allocated as follows:

Year ended December 31	2016	2015
Moorelands camp	\$ 117,029	\$ 101,068
City programs	42,556	29,636
Fundraising	16,917	25,807
Public awareness	10,639	5,755
	\$ 187,141	\$ 162,266

In addition, fundraising expenses of \$41,500 (2015 - \$36,000) have been allocated to public awareness expenses.

Moorelands Community Services

Notes to Financial Statements

December 31, 2016

9 Financial instruments

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Organization's risk management objectives and policies. The Board of Directors receives monthly reports from the Organization's Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk through its accounts receivable which are generally unsecured.

The Organization's bank accounts are held at one financial institution. Funds on deposit exceed the maximum amount insured and hence there is a concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization meets its liquidity requirements by this risk by monitoring cash activities and expected outflows and holding assets that can be readily converted into cash, so as to meet all cash outflow obligations as they fall due.

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 reflects the risk that the Organization's earnings will vary due to the fluctuations in foreign currency exchange rates. The Organization is exposed to foreign currency risk to the extent that the investments include U.S. and international equity investments as described in note 3. The Organization manages this risk through controls to monitor and limit concentration levels

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of the Organization to interest rate risk arises from its interest bearing investments and cash. The primary objective of the Organization with respect to its fixed income investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return giving consideration to risk.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments in the market. The Organization is exposed to other price risk through its investment in mutual funds. The Organization manages other price risk by maintaining a well-diversified investment asset mix.

Changes in risk

There have been no changes in risk exposures from the prior year.