

Financial statements of

**Moorelands Community Services**

December 31, 2014

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**Moorelands Community Services**

We have audited the accompanying financial statements of Moorelands Community Services, which comprise the statements of financial position as at December 31, 2014, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Consequently, 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, assets or net assets.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Moorelands Community Services as at December 31, 2014, 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 25, 2015

***Tinkham & Associates LLP***  
C H A R T E R E D   A C C O U N T A N T S

**Licensed Public Accountants**

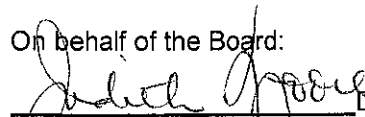
**Moorelands Community Services**  
**Statements of Financial Position**


As at December 31,	2014	2013
<b>Current assets</b>		
Cash	\$ 480,285	\$ 283,431
Short-term investments (note 3)	369,298	331,624
Accounts receivable	7,825	1,110
Sales tax receivable	24,935	30,443
Prepaid expenses	28,877	30,699
	<b>911,220</b>	<b>677,307</b>
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	32,001	35,275
Deferred contributions (note 4)	47,100	75,960
	<b>79,101</b>	<b>111,235</b>
<b>Net working capital</b>	<b>832,119</b>	<b>566,072</b>
<b>Internally restricted investments (note 3)</b>	<b>404,455</b>	<b>376,478</b>
<b>Cash surrender value of life insurance</b>	<b>12,591</b>	<b>-</b>
<b>Capital assets (note 5)</b>	<b>2,664,695</b>	<b>2,864,231</b>
	<b>\$ 3,913,860</b>	<b>\$ 3,806,781</b>
<b>Fund balances</b>		
Restricted funds (note 6)	\$ 1,249,165	\$ 942,550
Invested in capital assets	2,664,695	2,864,231
	<b>\$ 3,913,860</b>	<b>\$ 3,806,781</b>

Commitments (note 8)

See accompanying note to financial statements.

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**Moorelands Community Services**  
Statements of Operations and Changes in Fund Balances

	General Fund		Restricted Funds (note 6)		Invested in Capital Assets		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Year ended December 31								
<b>Revenues</b>								
Donations and grants	\$ 951,329	\$ 1,244,157	\$ 4,200	\$ 28,100	\$ -	\$ 8,900	\$ 955,529	\$ 1,281,157
Legacies	50,000	7,331	584,906	-	-	-	634,906	7,331
Program fees	136,944	139,321	-	-	-	-	136,944	139,321
Gifts in kind	73,532	86,944	-	-	-	-	73,532	86,944
Investment income	51,053	60,065	23,777	29,240	-	-	74,830	89,305
Facility rentals	44,159	12,900	-	-	-	-	44,159	12,900
Tax rebates	5,550	5,522	-	-	-	-	5,550	5,522
Miscellaneous	-	9,476	-	-	-	-	-	9,476
	<b>1,312,567</b>	<b>1,565,716</b>	<b>612,883</b>	<b>57,340</b>	<b>-</b>	<b>8,900</b>	<b>1,925,450</b>	<b>1,631,956</b>
<b>Expenses</b>								
Camp	767,556	813,602	-	2,695	-	-	767,556	816,297
City programs	442,170	529,058	-	-	-	-	442,170	529,058
Public awareness	72,087	73,433	-	-	-	-	72,087	73,433
Administration	111,805	106,950	-	-	-	-	111,805	106,950
Fundraising	225,217	225,072	-	-	-	-	225,217	225,072
100th Anniversary	-	-	-	48,810	-	-	-	48,810
Amortization	-	-	-	-	199,536	202,050	199,536	202,050
	<b>1,618,835</b>	<b>1,748,115</b>	<b>-</b>	<b>51,505</b>	<b>199,536</b>	<b>202,050</b>	<b>1,818,371</b>	<b>2,001,670</b>
Excess (deficiency) of revenue over expenses for the year	(306,268)	(182,399)	612,883	5,835	(199,536)	(193,150)	107,079	(369,714)
Inter-fund transfers (note 7)	306,268	182,399	(306,268)	(182,399)	-	-	-	-
Invested in capital assets	-	-	-	(57,556)	-	57,556	-	-
Net change in fund balance	-	-	306,615	(234,120)	(199,536)	(135,594)	107,079	(369,714)
Balance, beginning of year	-	-	942,550	1,176,670	2,864,231	2,999,825	3,806,781	4,176,495
Balance, end of year	\$ -	\$ -	\$ 1,249,165	\$ 942,550	\$ 2,664,695	\$ 2,864,231	\$ 3,913,860	\$ 3,806,781

See accompanying notes to financial statements.

**Moorelands Community Services**  
**Statements of Cash Flows**

Year ended December 31	2014	2013
Cash provided (used) by operations		
Operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ 107,079	\$ (369,714)
Items not affecting cash		
Amortization	199,536	202,050
Realized (gain) on investments	(2,250)	(4,638)
Unrealized (gain) loss on investments	8,830	(68,163)
	313,195	(240,465)
Changes in non cash working capital		
Accounts receivable	(6,715)	5,762
Government grant receivable	(12,591)	-
Sales tax receivable	5,508	3,031
Prepaid expenses	1,822	17,128
Accounts payable and accrued liabilities	(3,274)	(39,400)
Deferred revenue	(28,860)	10,530
	(44,110)	(2,949)
<b>Net cash provided (used) by operating activities</b>	<b>269,085</b>	<b>(243,414)</b>
Cash provided (used) by investment activities		
Net proceeds from sale (purchase) of short-term investments	(41,895)	282,305
(Purchase) of internally restricted investments	(30,336)	(21,429)
(Purchase) of capital assets	-	(66,456)
	(72,231)	194,420
<b>Net increase (decrease) in cash</b>	<b>196,854</b>	<b>(48,994)</b>
<b>Cash, beginning of year</b>	<b>283,431</b>	<b>332,425</b>
<b>Cash, end of year</b>	<b>\$ 480,285</b>	<b>\$ 283,431</b>

See accompanying note to financial statements.

# Moorelands Community Services

Notes to Financial Statements

December 31, 2014

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## 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.
- (v) The Moorelands Camp Fund reports contributions that are required by the contributor to be used for the Moorelands Camp.

## Moorelands Community Services

Notes to Financial Statements

December 31, 2014

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### 2 Significant accounting policies (continued)

(b) Cash

Cash includes cash deposits in the bank.

(c) Investments

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

(d) Capital assets

Capital assets are recorded at cost and those donated to the Organization are recorded at their fair market value on the date of acquisition when fair value can be reasonably estimated. Amortization is provided on a 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 the benefit is derived.

## Moorelands Community Services

Notes to Financial Statements

December 31, 2014

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### 2 Significant accounting policies (continued)

#### (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.

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

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 excess of revenue over expenses.

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.

#### (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, 2014

### 3 Investments

Short term investments are comprised of the following:

	2014	2013
<b>Short term investments</b>		
PH&N Canadian money market fund	\$ 37,980	\$ 37,731
PH&N balanced fund	331,318	293,893
	<b>369,298</b>	331,624
<b>Internally restricted investments</b>		
PH&N balanced fund	404,455	376,478
Total investments, at quoted market value	\$ 773,753	\$ 708,102
Total investments, at cost	\$ 718,244	\$ 643,311

Investments are recorded at fair value based on year end quoted market prices.

Internally restricted investments are accounted for in accordance with the bursary and endowment fund policy.

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

	2014	2013
Endowment	\$ 37,156	\$ 40,445
Bursary	4,640	5,439
(less) transfer 4% of endowment income to operating fund	(13,379)	(11,205)
(less) transfer bursary income to operating fund	(4,640)	(5,439)
Total restricted fund investment income	<b>23,777</b>	29,240

#### *PH&N Canadian money market fund*

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 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. The asset mix is as follows:

Cash	6%
Fixed income	33%
Canadian equity	29%
International equity	15%
US Equity	17%

## Moorelands Community Services

Notes to Financial Statements

December 31, 2014

### 4 Deferred contributions

Deferred contributions consist of the following:

	2014			2013	
	Opening	Additions	Revenue	Deferred	Deferred
City day camp	\$ 27,800	\$ -	\$ 27,800	\$ -	\$ 27,800
Wilderness camp	4,000	5,000	4,000	5,000	4,000
Miscellaneous	560	-	560	-	560
After school program	30,000	28,500	30,000	28,500	30,000
Capital funding	13,600	-	-	13,600	13,600
	\$ 75,960	\$ 33,500	\$ 62,360	\$ 47,100	\$ 75,960

### 5 Capital assets

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 135,363	\$ -	\$ 135,363	\$ -
Building	3,887,069	1,459,416	3,887,068	1,307,699
Equipment, furniture and fixtures	449,757	425,469	449,757	403,922
Vehicles	281,257	237,221	281,257	224,920
Telephone system	41,724	38,978	41,724	37,328
Computer equipment and software	194,922	164,313	194,922	151,991
	\$ 4,990,092	\$ 2,325,397	\$ 4,990,091	\$ 2,125,860
Net book value		\$ 2,664,695		\$ 2,864,231

### 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:

	2014	2013
Capital	\$ 200,000	\$ 71,682
Operating reserve	644,710	381,277
Bursary	45,500	42,000
Endowment	358,955	334,478
Moorelands Camp	-	113,113
	\$ 1,249,165	\$ 942,550

## Moorelands Community Services

Notes to Financial Statements

December 31, 2014

### 7 Inter-fund transfers

For the year ended December 31, 2014, transfers amongst the general fund and restricted funds totaling \$306,268 (2013 - \$182,399) were approved by the Board of Directors.

### 8 Commitments

#### Lease commitments

The Organization has entered into lease agreements for its premises and photocopier both expiring on October 31, 2018. The lease for premises contains an option for a further five year term.

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

	Premises	Equipment	Total
2015	\$ 64,856	\$ 3,588	\$ 68,444
2016	64,911	3,588	68,499
2017	65,186	3,588	68,774
2018	54,322	2,990	57,312

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.

### 9 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:

	2014	2013
Moorelands camp	\$ 112,738	\$ 127,823
City programs	56,638	77,324
Fundraising	33,427	19,970
Public awareness	5,852	6,599
	\$ 208,655	\$ 231,716

Additionally, fundraising expenses of \$36,000 (2013- \$36,000) have been allocated to public awareness expenses.

## **Moorelands Community Services**

Notes to Financial Statements

December 31, 2014

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### **10 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.

#### **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.

## **Moorelands Community Services**

Notes to Financial Statements

December 31, 2014

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### **10 Financial instruments (continued)**

#### **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.