

Financial statements of

Moorelands Community Services
O/A Moorelands Kids

December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of
Moorelands Community Services

Opinion

We have audited the financial statements of Moorelands Community Services ("the Organization"), which comprise the statement of financial position as at December 31, 2018 and the statements of operations and changes in fund balances 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 December 31, 2018, 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.

Information Other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Organization but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the 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 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.

TORONTO, Ontario
March 20, 2019



Licensed Public Accountants

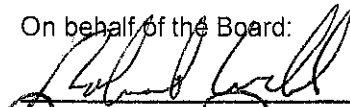
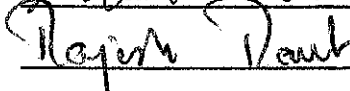
Moorelands Community Services
Statement of Financial Position

As at December 31	2018	2017
Current assets		
Cash	\$ 531,454	\$ 261,551
Short-term investments (note 3)	1,066,880	1,071,543
Accounts receivable	86,682	83,445
Public service body rebate receivable	33,310	31,335
Prepaid expenses and other assets	47,502	54,403
	1,765,828	1,502,277
Current liabilities		
Accounts payable and accrued liabilities	43,148	37,108
Deferred contributions	19,540	2,300
	62,688	39,408
Net working capital	1,703,140	1,462,869
Internally restricted investments (note 3)	431,838	456,170
Cash surrender value of life insurance	75,109	60,173
Capital assets (note 4)	2,030,765	2,171,269
	\$ 4,240,852	\$ 4,150,481
Fund balances		
Restricted funds (note 5)	\$ 2,210,087	\$ 1,979,212
Invested in capital assets	2,030,765	2,171,269
	\$ 4,240,852	\$ 4,150,481

Commitments and subsequent event (note 6 and note 7, respectively)

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 5)		Invested in Capital Assets		Total
	2018	2017	2018	2017	2018	2017	
Revenues							
Donations and grants	\$ 1,371,933	\$ 1,247,657	\$ 2,720	\$ 15,450	\$ -	\$ -	\$ 1,263,107
Program fees	160,331	141,713	-	-	-	-	141,713
Gifts in kind	121,651	113,789	-	-	-	-	113,789
Investment income (note 3)	26,181	81,032	(27,052)	21,560	-	(871)	102,592
Legacies	100,000	50,000	144,181	37,906	-	-	87,906
Facility rentals	73,130	63,097	-	-	-	-	63,097
Tax rebates	5,641	5,170	-	-	-	-	5,170
	1,858,867	1,702,458	119,849	74,916	-	1,978,716	1,777,374
Expenses							
Camp	806,754	720,045	-	-	-	-	720,045
City programs	485,413	426,658	-	-	-	-	426,658
Fundraising	166,121	259,773	-	-	-	-	259,773
Administration	106,151	112,375	-	-	-	-	112,375
Public awareness	164,158	86,009	-	-	159,749	171,140	86,009
Amortization	-	-	-	-	-	-	171,140
	1,728,597	1,604,860	-	-	159,749	171,140	1,888,346
Excess (deficiency) of revenue over expenses for the year	130,270	97,598	119,849	74,916	(159,749)	(171,140)	1,374
Inter-fund transfers (note 5)	(130,270)	(97,598)	130,270	97,598	-	-	-
Invested in capital assets	-	-	(19,245)	(29,236)	19,245	29,236	-
Net change in fund balance	-	-	230,874	143,278	(140,504)	(141,904)	1,374
Balance, beginning of year	-	-	1,979,212	1,835,934	2,171,269	2,313,173	4,149,107
Balance, end of year	\$ -	\$ -	\$ 2,210,086	\$ 1,979,212	\$ 2,030,765	\$ 2,171,269	\$ 4,240,851
							\$ 4,150,481

See accompanying notes to financial statements.

Moorelands Community Services
Statement of Cash Flows

Year ended December 31	2018	2017
Cash provided (used) by operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ 90,370	\$ 1,374
Items not affecting cash		
Amortization	159,749	171,140
Realized gain on investments	(2,611)	(2,864)
Unrealized loss (gain) on investments	58,891	(47,482)
Unrealized gain on cash surrender value of life insurance	(14,936)	(18,426)
	291,463	103,742
Changes in non cash working capital balances:		
Accounts receivable	(3,237)	(37,446)
Public service body rebate receivable	(1,975)	(5,541)
Prepaid expenses	6,901	(16,807)
Accounts payable and accrued liabilities	6,040	13,130
Deferred revenue	17,240	(17,275)
	24,969	(63,939)
Net cash provided by operating activities	316,432	39,803
Cash used by investment activities:		
Purchase of short-term investments	(28,528)	(322,944)
Sale (purchase) of internally restricted investments (net)	1,244	(1,280)
Purchase of capital assets	(19,245)	(29,236)
Net cash used by investment activities	(46,529)	(353,460)
Net increase (decrease) in cash	269,903	(313,657)
Cash, beginning of year	261,551	575,208
Cash, end of year	\$ 531,454	\$ 261,551

See accompanying note to financial statements.

Moorelands Community Services

Notes to Financial Statements

December 31, 2018

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, 2018

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 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, 2018, 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, 2018

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, 2018

3 Investments

Short term investments are comprised of the following:

As at December 31	2018	2017
Short term investments		
Canadian money market fund	\$ 38,953	\$ 38,491
Balanced fund	411,198	423,626
Guaranteed investment certificate including accrued interest of \$6,171 (2017 - \$4,502)	616,729	609,426
	1,066,880	1,071,543
Internally restricted investments		
Balanced fund	431,838	456,170
Total investments, at quoted market value	\$ 1,498,718	\$ 1,527,713
Total investments, at cost	\$ 1,418,913	\$ 1,383,566

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

Canadian money market fund

The 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.

Balanced fund

The balanced 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 22, 2019 to October 15, 2019 (2017 - January 18, 2018 to October 15, 2018) and bear interest at 0.90% to 1.50% (2017 - 0.90%).

Total investments asset mix

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

Cash & short term	45%	\$ 681,061
Fixed income	21%	311,768
Canadian equity	17%	251,933
US equity	9%	134,060
International equity	8%	119,896
		<u>\$ 1,498,718</u>

Moorelands Community Services
Notes to Financial Statements
December 31, 2018

4 Capital assets

As at December 31	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 135,363	\$ -	\$ 135,363	\$ -
Buildings	3,837,268	1,993,042	3,910,650	1,917,195
Equipment, furniture and fixtures	430,686	424,084	457,599	448,015
Vehicles	220,433	195,090	296,173	264,498
Telephone system	37,126	37,126	41,724	41,480
Computer equipment and software	92,219	72,988	194,922	193,974
	\$ 4,753,095	\$ 2,722,330	\$ 5,036,431	\$ 2,865,162
Net book value		\$ 2,030,765		\$ 2,171,269

Included in computer equipment and software is \$12,473 that relates to website development. This amount is not being amortized until such time as the website has been completed and is in use by the Organization.

5 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	Expenditure	Transfers	Ending
Operating reserve	\$ 839,565	\$ -	\$ -	\$ 35,000	\$ 874,565
Capital	683,477	144,181	(19,244)	95,270	903,684
Endowment	397,720	(27,052)	-	-	370,668
Bursary	58,450	2,720	-	-	61,170
	\$ 1,979,212	\$ 119,849	\$ (19,244)	\$ 130,270	\$ 2,210,087

For the year ended December 31, 2018, transfers of \$130,270 (2017 - \$97,598) between the General Fund and Restricted Funds were approved by the Board of Directors.

Moorelands Community Services

Notes to Financial Statements

December 31, 2018

6 Commitments

The Organization has a lease agreements for its premises expiring on April 30, 2019.

Future minimum lease payments, before HST, for the term of premises and equipment lease agreements are as follows:

	Premises	Equipment	Total
2019	\$ 21,729	\$ 6,009	\$ 27,738
2020	-	6,009	6,009
2021	-	4,667	4,667
2022	-	1,939	1,939
	\$ 21,729	\$ 18,624	\$ 40,353

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.

7 Subsequent event

Subsequent to year end the Organization entered into a lease agreement for new office premises beginning May 1, 2019 for a term of 10 years requiring minimum annual lease payments of \$37,200.

8 Allocated expenses

Certain administrative, public awareness 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	2018	2017
Moorelands camp	\$ 116,978	\$ 124,867
City programs	46,793	49,945
Fundraising	12,650	14,514
Public awareness	10,634	11,350
Christmas sharing	10,634	11,350
	\$ 197,689	\$ 212,026

Public awareness expenses have been allocated as follows:

Year ended December 31	2018	2017
Moorelands camp	\$ 21,654	\$ 9,700
City programs	13,351	18,900
	\$ 35,005	\$ 28,600

In addition, fundraising expenses of \$77,415 (2017 - \$41,500) have been allocated to public awareness expenses.

Moorelands Community Services

Notes to Financial Statements

December 31, 2018

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.

Changes in risk

There have been no changes in risk exposures from the prior year. The Organization's risk exposures through its financial instruments are summarized as follows:

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.