

Financial statements of

Moorelands Community Services
O/A Moorelands Kids

December 31, 2019

D C Tinkham FCPA FCA CMC LPA
P J Brocklesby CPA CA LPA
M Y Tkachenko CPA CA
M W G Rooke CPA CA LPA
A C Callas CPA CA
C R Braun CPA CA
G P Kroeplin CPA

300 - 2842 Bloor Street West
Toronto Ontario M8X 1B1
Canada

TEL 1 416 233 2139
TOLL FREE 1 877 283 3305
FAX 1 416 233 1788

TINKHAMCPA.COM

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, 2019 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, 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 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 25, 2020



Licensed Public Accountants

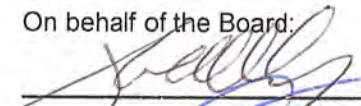

Moorelands Community Services
Statement of Financial Position

As at December 31	2019	2018
Current assets		
Cash	\$ 380,219	\$ 531,454
Short-term investments (note 3)	1,105,943	1,066,880
Accounts receivable	19,085	86,682
Public service body rebate receivable	32,499	33,310
Prepaid expenses and other assets	36,136	47,502
	1,573,882	1,765,828
Current liabilities		
Accounts payable and accrued liabilities	67,379	43,148
Deferred contributions	4,545	19,540
	71,924	62,688
Net working capital	1,501,958	1,703,140
Internally restricted investments (note 3)	482,264	431,838
Cash surrender value of life insurance	96,712	75,109
Capital assets (note 4)	1,962,326	2,030,765
	\$ 4,043,260	\$ 4,240,852
Fund balances		
Restricted funds (note 5)	\$ 2,080,934	\$ 2,210,087
Invested in capital assets	1,962,326	2,030,765
	\$ 4,043,260	\$ 4,240,852

Commitments and subsequent event (notes 6 and 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
	2019	2018	2019	2018	2019	2018	
Revenues							
Camp (schedule 1)							
Donations and grants	\$ 681,168	\$ 791,922	\$ -	\$ -	\$ -	\$ -	\$ 791,922
Camper fees	83,820	86,570	-	-	-	-	86,570
Municipal grant	70,000	65,500	-	-	-	-	65,500
Other							
Donations and grants	483,322	580,011	34,595	2,720	-	-	582,731
City program fees	8,975	8,261	-	-	-	-	8,975
Gifts in kind	148,918	121,651	-	-	-	-	121,651
Investment income (note 3)	125,494	26,181	43,646	(27,052)	-	-	148,918
Legacies	100,000	100,000	36,804	144,181	-	-	169,140
Facility rentals	73,605	73,130	-	-	-	-	136,804
Tax rebates	6,112	5,641	-	-	-	-	73,605
Miscellaneous	112	-	-	-	-	-	6,112
							112
	1,781,526	1,858,867	115,045	119,849	-	-	1,896,571
Expenses							
Camp	880,992	806,754	16,341	-	-	-	806,754
City programs	536,415	485,413	-	-	-	-	485,413
Fundraising	257,095	208,215	-	-	-	-	208,215
Administration	117,915	106,151	-	-	-	-	106,151
Public awareness	65,258	122,064	-	-	-	-	122,064
Moorelands @ 100	-	-	63,046	-	-	-	63,046
Amortization	-	-	-	-	157,101	159,749	157,101
	1,857,675	1,728,597	79,387	-	157,101	159,749	2,094,163
Excess (deficiency) of revenue over expenses for the year	(76,149)	130,270	35,658	119,849	(157,101)	(159,749)	(197,592)
Inter-fund transfers (note 5)	76,149	(130,270)	(76,149)	130,270	-	-	-
Invested in capital assets	-	-	(88,662)	(19,245)	88,662	19,245	-
Net change in fund balance	-	-	(129,153)	230,874	(68,439)	(140,504)	(197,592)
Balance, beginning of year	-	-	2,210,087	1,979,213	2,030,765	2,171,269	4,240,852
Balance, end of year	\$ -	\$ -	\$ 2,080,934	\$ 2,210,087	\$ 1,962,326	\$ 2,030,765	\$ 4,043,260
							\$ 4,240,852

See accompanying notes to financial statements.

Moorelands Community Services

Statement of Cash Flows

Year ended December 31	2019	2018
Cash provided (used) by operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ (197,592)	\$ 90,370
Items not affecting cash		
Amortization	157,101	159,749
Realized gain on investments	(3,213)	(2,611)
Unrealized (gain) loss on investments	(91,610)	58,891
Unrealized gain on cash surrender value of life insurance	(21,603)	(14,936)
	(156,917)	291,463
Changes in non cash working capital balances:		
Accounts receivable	67,597	(3,237)
Public service body rebate receivable	811	(1,975)
Prepaid expenses and other assets	11,366	6,901
Accounts payable and accrued liabilities	24,231	6,040
Deferred revenue	(14,995)	17,240
	89,010	24,969
Net cash provided (used) by operating activities	(67,907)	316,432
Cash used by investment activities:		
Redemption (purchase) of short-term investments	14,772	(28,528)
Sale (purchase) of internally restricted investments (net)	(9,438)	1,244
Purchase of capital assets	(88,662)	(19,245)
Net cash used by investment activities	(83,328)	(46,529)
Net increase (decrease) in cash	(151,235)	269,903
Cash, beginning of year	531,454	261,551
Cash, end of year	\$ 380,219	\$ 531,454

See accompanying note to financial statements.

Moorelands Community Services

Notes to Financial Statements

December 31, 2019

1 Nature of operations

Moorelands Community Services ("the Organization") is a charitable organization that delivers leadership based programs for Toronto children and youth affected by poverty, providing them with positive and fun experiences to help strengthen their confidence, competence, and character. These goals are achieved through a year-round continuum of support via summer camp, after-school and family programs.

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 Income Tax Act (Canada) 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, 2019

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, 2019, no such impairment exists.

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

Buildings	20 - 40 years
Equipment, furniture, and fixtures	10 years
Vehicles	10 years
Telephone system	10 years
Computer equipment	5 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, 2019

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, 2019

3 Investments

Short term investments are comprised of the following:

As at December 31	2019	2018
Short term investments		
Canadian money market fund	\$ 39,505	\$ 38,953
Balanced fund	483,913	411,198
Guaranteed investment certificates including accrued interest of \$11,801 (2018 - \$6,171)	582,525	616,729
	1,105,943	1,066,880
Internally restricted investments		
Balanced fund	482,264	431,838
Total investments, at quoted market value	\$ 1,588,207	\$ 1,498,718
Total investments, at cost	\$ 1,427,952	\$ 1,418,913

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

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 certificates

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, 2020 to March 30, 2020 (2018 - January 22, 2019 to October 15, 2019) and bear interest at rates ranging from 2.00% to 2.50% (2018 - 0.90% to 1.50%).

Total investments asset mix

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

Cash & short term	42%	\$ 663,363
Fixed income	20%	322,859
Canadian equity	12%	197,692
US equity	14%	221,169
International equity	12%	183,124
		<u>\$ 1,588,207</u>

Moorelands Community Services

Notes to Financial Statements

December 31, 2019

3 Investments (continued)

The fair market value of the Organization's investments have declined due to volatility in the markets, influenced by the COVID-19 pandemic, commodity prices and other market factors. As at the date of these financial statements, there has been a reduction in fair value of investments to approximately \$1,492,000. Management believes the decrease in fair market value is temporary and not an indication of permanent impairment of the investments and accordingly no fair market value adjustment has been recorded for this temporary decline in value.

4 Capital assets

As at December 31	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 135,363	\$ -	\$ 135,363	\$ -
Buildings	3,837,268	2,135,695	3,837,268	1,993,042
Equipment, furniture and fixtures	498,331	428,789	430,686	424,084
Vehicles	220,433	200,200	220,433	195,090
Telephone system	42,526	37,396	37,126	37,126
Computer equipment and software	107,836	77,351	92,219	72,988
	\$ 4,841,757	\$ 2,879,431	\$ 4,753,095	\$ 2,722,330
Net book value		\$ 1,962,326		\$ 2,030,765

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
External					
Endowment	\$ 370,668	\$ 43,646	\$ -	\$ -	\$ 414,314
Bursary	61,170	6,780	-	-	67,950
Capital	-	27,815	-	-	27,815
Internal					
Operating reserve	874,565	-	-	(76,149)	798,416
Capital	903,684	36,804	(105,003)	(63,046)	772,439
Moorelands @ 100	-	-	(63,046)	63,046	-
	\$ 2,210,087	\$ 115,045	\$ (168,049)	\$ (76,149)	\$ 2,080,934

For the year ended December 31, 2019, transfers to the General Fund from the Restricted Funds of \$76,149 (2018 - transfers to the Restricted Funds from the General Fund of \$130,270) were approved by the Board of Directors.

Moorelands Community Services

Notes to Financial Statements

December 31, 2019

6 Commitments

The Organization has a lease agreement for its premises expiring on April 30, 2029.

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

	Premises	Equipment	Total
2020	42,400	6,009	48,409
2021	42,400	4,667	47,067
2022	42,400	1,939	44,339
2023	42,400	-	42,400
2024	44,000	-	44,000
2025	44,800	-	44,800
2026	44,800	-	44,800
2027	44,800	-	44,800
2028	44,800	-	44,800
2029	14,933	-	14,933
	\$ 407,733	\$ 12,615	\$ 420,348

In addition to the minimum lease payments, the lease agreement requires the Organization to pay a proportionate share of property taxes and operating expenses.

7 Subsequent event

Governments have enacted emergency legislation in response to declaration that COVID-19 is a pandemic causing business disruption and economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, and the timeline to recovery of the Organization's investments is not determinable. It is not possible to reliably estimate the financial impact of the COVID-19 pandemic on the results of operations and financial condition of the Organization in future periods.

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	2019	2018
Moorelands camp	\$ 111,755	\$ 116,978
City programs	44,701	46,793
Fundraising	26,414	27,650
Public awareness	10,159	10,634
Christmas sharing	10,159	10,634
	\$ 203,188	\$ 212,689

Moorelands Community Services

Notes to Financial Statements

December 31, 2019

8 Allocated expenses (continued)

Public awareness expenses have been allocated as follows:

Year ended December 31	2019	2018
Moorelands camp	\$ 9,467	\$ 21,654
City programs	4,260	13,351
	\$ 13,727	\$ 35,005

In addition, fundraising expenses of \$45,812 (2018 - \$77,415) have been allocated to public awareness expenses.

9 Financial instruments

The Organization actively manages the market risks that arise from the use of financial instruments including interest risk, currency risk and price risk. The Organization adheres to an investment policy that outlines the objectives, constraints and parameters related to investing activities. This policy prescribes limits around the quality and concentrations of investments held by the Organization. Management regularly reviews the Organization investments to ensure all activities adhere to the investment policy. There has been no change to the risk exposure of the Organization from the prior year.

Interest risk

A portion of investments of the Organization consist of fixed income instruments which bear interest at a fixed rate. As a result, a change in market interest rate will have an impact on the fair value of these investments.

Currency risk

A portion of the investments of the Organization consist of US and international equities. As a result, the Organization is exposed to risk that arises from fluctuation of foreign exchange rates.

Price risk

A portion of the investments of the Organization are invested in equities. As a result the Organization is exposed to risk that arises from fluctuation in market prices and the degree of volatility of investment markets.

Moorelands Community Services
Schedule

Schedule 1: Camp

Year ended December 31	2019	2018
Revenues		
Donations and grants	\$ 681,168	\$ 791,922
Camper fees	83,820	86,570
Municipal grant	70,000	65,500
	834,988	943,992
Expenses		
Wages	323,901	284,204
Benefits	48,765	32,600
Administration	111,755	117,590
Program related costs	20,839	16,638
Occupancy	27,123	20,234
Utilities, maintenance and cleaning	71,658	74,228
Insurance	52,425	48,459
Office	12,532	13,551
Professional fees	18,353	4,442
Staff training	2,512	6,708
Business travel	1,224	1,959
Dues - Ontario Camps Association	1,952	1,932
Transportation	51,289	50,221
Food	136,664	133,988
	880,992	806,754
Camp excess (deficiency) of revenue over expense for the year	(46,004)	137,238
Camp deficit, beginning of the year	(2,854,088)	(2,991,326)
Camp deficit, end of the year	\$ (2,900,092)	\$ (2,854,088)