

# **The Good Neighbours' Club**

Operating as Haven Toronto

Financial Statements

December 31, 2019

**The Good Neighbours' Club**  
**Operating as Haven Toronto**  
**Year ended December 31, 2019**

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE DIRECTORS OF THE GOOD NEIGHBOURS' CLUB**

#### **Qualified Opinion**

I have audited the accompanying financial statements of The Good Neighbours' Club operating as Haven Toronto, which comprise the statement of financial position as at December 31, 2019 and statement of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report the accompanying financial statements present fairly, in all material respects, the financial position of The Good Neighbours' Club operating as Haven Toronto, 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 Qualified Opinion**

In common with many charitable organizations, The Good Neighbours' Club operating as Haven Toronto derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of revenue from donations and fundraising activities was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenue from donations and fundraising, net revenue (expense) for the year, assets and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



Denis Paganelli, CPA, CA  
Licensed Public Accountant

April 7, 2020  
Toronto, Canada

# The Good Neighbours' Club

## Operating as Haven Toronto Statement of Financial Position

As At December 31, 2019

				2019	2018
	Operating	Capital	Working Reserve	Total	Total
<b>Assets</b>					
<b>Current assets</b>					
Cash	\$ 225,124	\$ -	\$ 224,809	\$ 449,933	\$ 361,911
Amounts receivable	89,098	-	-	89,098	92,283
HST receivable	31,276	-	-	31,276	13,844
Prepaid expenses	10,293	-	-	10,293	11,924
Investments maturing in 2020 (note 5)	-	-	545,191	545,191	436,563
	355,791	-	770,000	1,125,791	916,525
Investments (note 5)	-	-	-	-	-
Capital assets (note 3)	-	31,365	-	31,365	37,578
	\$ 355,791	\$ 31,365	\$ 770,000	\$ 1,157,156	\$ 954,103
<b>Liabilities and Fund Balances</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 66,851	\$ -	\$ -	\$ 66,851	\$ 67,460
Deferred revenue (note 9)	83,027	-	-	83,027	42,763
	149,878	-	-	149,878	110,223
Deferred capital fund contributions (note 9)	-	15,002	-	15,002	29,324
	149,878	15,002	-	164,880	139,547
<b>Fund balances</b>					
Invested in capital assets	-	16,363	-	16,363	8,254
Internally restricted (note 6)	-	-	770,000	770,000	436,563
Unrestricted	205,913	-	-	201,013	369,739
	205,913	16,363	770,000	992,276	814,556
	\$ 355,791	\$ 31,365	\$ 770,000	\$ 1,157,156	\$ 954,103

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

# The Good Neighbours' Club

Operating as Haven Toronto

## Statement of Operations and Changes in Fund Balances

Year ended December 31, 2019

				2019	2018
	Operating	Capital	Working Reserve	Total	Total
<b>Revenue</b>					
Grants from:					
Toronto Central LHIN	\$ 288,689	\$ -	\$ -	\$ 288,689	\$ 288,689
City of Toronto	237,839	-	-	237,839	259,162
United Way	183,337	-	-	183,337	194,385
Woodgreen Community Services	95,901	-	-	95,901	95,857
Ministry for Seniors and Accessibility	58,967	-	-	58,967	53,340
Employment & Social Development Canada	-	-	-	-	8,267
Donations and fundraising	437,624	-	-	437,624	170,620
Donation in kind - rent-free facilities from the City of Toronto (note 7)	120,000	-	-	120,000	120,000
Members' fees	28,138	-	-	28,138	27,104
Amortization of Capital Grants (note 9)	-	14,322	-	14,322	24,024
Vending machine receipts	4,104	-	-	4,104	4,927
Good Wishes project revenue	1,449	-	-	1,449	4,127
Investment income	-	-	19,802	19,802	1,778
Sundry	4,900	-	-	4,900	-
	<b>1,460,948</b>	<b>14,322</b>	<b>19,802</b>	<b>1,495,072</b>	<b>1,252,280</b>
<b>Expense</b>					
Salaries and wages	746,210	-	-	746,210	640,464
Employee benefits	171,709	-	-	171,709	144,224
Rent (note 7)	120,000	-	-	120,000	120,000
Building occupancy costs	63,860	-	-	63,860	62,212
Fundraising, promotion and events	47,134	-	-	47,134	62,158
Clothing and personal needs	28,146	-	-	28,146	32,690
Office and general	36,274	-	-	36,274	31,151
Amortization of capital assets	-	18,742	-	18,742	25,409
Food, small wares and equipment maintenance	31,619	-	-	31,619	22,867
Temporary staffing	17,292	-	-	17,292	-
Computer services and software	9,159	-	-	9,159	8,906
Bad debts	-	-	-	-	8,893
Consulting	12,472	-	-	12,472	5,535
Professional fees	5,300	-	-	5,300	4,989
Travel and vehicle operating	3,726	-	-	3,726	3,613
Vending machine purchases	2,401	-	-	2,401	3,455
Good Wishes project costs	1,499	-	-	1,499	3,328
Board, committee and conference costs	1,809	-	-	1,809	3,093
	<b>1,298,610</b>	<b>18,742</b>	<b>-</b>	<b>1,317,352</b>	<b>1,182,987</b>
Net revenue (expense) for the year	162,338	(4,420)	19,802	177,720	69,293
Fund balances, beginning of year	369,739	8,254	436,563	814,556	745,263
Interfund transfers (note 6)	(326,164)	12,529	313,635	-	-
<b>Fund balances, end of year</b>	<b>\$ 205,913</b>	<b>\$ 16,363</b>	<b>\$ 770,000</b>	<b>\$ 992,276</b>	<b>\$ 814,556</b>

See accompanying notes to financial statements.

# The Good Neighbours' Club

## Operating as Haven Toronto Statement of Cash Flows

Year ended December 31, 2019

				2019	2018
	Operating	Capital	Working Reserve	Total	Total
<b>Cash flows from (used in):</b>					
<b>Operating activities</b>					
Net revenue (expense) for the year	\$ 162,338	\$ (4,420)	\$ 19,802	\$ 177,720	\$ 69,293
Adjustment for items not affecting cash:					
Amortization of capital grants	-	(14,322)	-	(14,322)	(24,024)
Amortization of capital assets	-	18,742	-	18,742	25,409
Changes in non-cash operating working capital balances:					
Amounts receivable	3,185	-	-	3,185	(27,462)
HST receivable	(17,432)	-	-	(17,432)	29,651
Prepaid expenses	1,631	-	-	1,631	90
Accounts payable	(609)	-	-	(609)	(8,750)
Deferred revenue	40,264	-	-	40,264	6,039
	189,377	-	19,802	209,179	70,246
<b>Investing activities</b>					
Purchase of capital assets	-	(12,529)	-	(12,529)	-
Purchase of investments	-	-	(108,628)	(108,628)	(86,007)
	-	(12,529)	(108,628)	(121,157)	(86,007)
<b>Financing activities</b>					
Capital grants received	-	-	-	-	-
Interfund transfers (note 6)	(326,164)	12,529	313,635	-	-
	(326,164)	12,529	313,635	-	-
Net increase (decrease) in cash	(136,787)	-	224,809	88,022	(15,761)
Cash, beginning of year	361,911	-	-	361,911	377,672
Cash, end of year	\$ 225,124	\$ -	\$ 224,809	\$ 449,933	\$ 361,911

See accompanying notes to financial statements.

# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2019

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### 1. Status and purpose of the organization

The Good Neighbours' Club was founded in 1933 to provide services of a charitable nature to elderly, homeless, unemployed men. It operates a centre for social activities and recreation, and provides other privileges for its members. The Club is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Good Neighbours' Club Board of Management is a local board of the City of Toronto.

Effective 2017 The Good Neighbours' Club is operating as Haven Toronto.

### 2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

#### (a) Fund accounting

The Operating Fund accounts for delivery of the Club's programs and administrative activities. This fund reports unrestricted resources and restricted contributions to be used for operations.

The Capital Fund reports the assets, liabilities, revenues and expenses related to capital assets.

The purpose of the Working Reserve Fund is to set aside funds approximately 8 months of operating expenses to:

- i) Ensure proper resolution of any debts;
- ii) Risk management purposes;
- iii) Have funds available if required for the closure of the organization;
- iv) Have for any significant unanticipated Board approved purchases such as a new program or capital purchase.

#### (b) Revenue Recognition

##### Contributions

The Club follows the deferral fund method of accounting for contributions. Restricted contributions (grants and donations) are recognized as revenue in the year that the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year. The Club has no endowment contributions.

##### Investment income

Investment income is recognized on an accrual basis.

##### Members' fees and vending machine receipts

Members' fees and vending machine receipts are reported as revenue in the year in which the service, meal or drink is provided to the member.



# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2019

### 2. Significant accounting policies (continued)

#### (b) Revenue Recognition (continued)

##### Fundraising revenue

Fundraising revenue is reported in the year that the fundraising event is held.

##### Other fees

Other fees are reported as revenue in the year that the service provided is performed.

#### (c) Contributed items and services

The Club receives significant donations of food, clothing and services on an ongoing basis. Due to the difficulty in establishing the fair market value of these specific items, no amount is recorded for them in the financial statements. Other items with a determinable fair market value are included as donations in kind with a corresponding amount charged to expenses.

#### (d) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives of five years. Amortization expense is reported in the Capital Fund.

#### (e) Financial Instruments

The Club initially measures its financial assets and financial liabilities at fair value. The Club subsequently measures all its financial assets and financial liabilities at amortized cost except for marketable securities quoted in an active market, which it chose to measure at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and short-term investments, amounts receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

### 3. Capital assets

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Automobile	\$ 48,370	\$ 48,370	\$ -	\$ 4,837
Furniture and equipment	121,867	101,779	20,088	32,741
Computer equipment	12,530	1,253	11,277	-
	<u>\$ 182,767</u>	<u>\$ 151,402</u>	<u>\$ 31,365</u>	<u>\$ 37,578</u>

# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2019

### 4. Pension plan

The Club contributes to the Multi-Sector Pension Plan as well as individual plans that are all defined contribution plans. The pension expense under these plans is equal to the Club's contribution. The 2019 pension expense on defined contribution plans was \$34,172 (2018 - \$27,114).

### 5. Investments

	2019	2019
	Amortized	
	Cost	Cost
TD Special Offer GIC, 1.3% maturing January 29, 2020	\$ 51,268	\$ 51,137
TD 1-year cashable GIC, 1.5% maturing March 7, 2020	202,458	200,000
TD 1-year cashable GIC, 1.5% maturing April 11, 2020	55,031	54,440
TD 1-year cashable GIC, 1.5% maturing April 14, 2020	86,257	85,342
TD 1-year cashable GIC's, 1.5% maturing September 22, 2020	25,102	25,000
TD 1-year cashable GIC's, 1.5% maturing December 9, 2020	25,023	25,000
TD 1-year cashable GIC's, 1.5% maturing December 18, 2020	25,013	25,000
TD 1-year cashable GIC's, 1.5% maturing December 18, 2020	25,013	25,000
TD 1-year cashable GIC's, 1.5% maturing December 18, 2020	25,013	25,000
TD 1-year cashable GIC's, 1.5% maturing December 18, 2020	25,013	25,000
	<b>\$ 545,191</b>	<b>\$ 540,919</b>
Less amounts maturing within the next fiscal year	(545,191)	(540,919)
	<b>\$ -</b>	<b>-</b>

### 6. Working Reserve Fund and interfund transfers

During the year the Board of Directors approved the establishment of the Working Reserve Fund which replaced the Memorial Fund. The purpose of the Working Reserve Fund is detailed in Note 2(a).

This fund is not available for unrestricted purposes without approval of the Board of Directors.

The Board of Directors approved the transfer of \$12,529 (2018 - \$nil) from the Operating Fund to the Capital Fund for the purchase of capital assets.

The Board of Directors approved the transfer of \$313,635 (2018 - \$86,007) from the Operating Fund to the Working Reserve Fund.

### 7. Donated Rent – City of Toronto

The recorded value of the rent donated by the City of Toronto has been estimated.

# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2019

### 8. Financial Instruments

The Club is exposed to various risks through its financial instruments.

#### Credit Risk

The Club is subject to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their obligations. The Club is subject to credit risk on its amounts receivable. The risk has not changed from the prior year.

### 9. Deferred revenue

#### **Deferred contributions related to operations:**

	2019	2018
Balance, beginning of year	\$ 42,759	\$ 36,724
Add: amounts received and receivable in the year for:		
United Way special grant related to next fiscal year	-	6,266
P. & L. Odette Foundation gift	200,000	-
J.P. Bickell Foundation grant relating to next fiscal year	-	13,000
St. George's Society of Toronto grant relating to next fiscal year	-	5,000
Giftfunds Canada grant relating to next fiscal year	-	5,000
Less: amounts amortized to revenue for:		
Good Wishes Project	(1,499)	(3,827)
United Way special grant	(6,478)	(19,404)
J.P. Bickell Foundation grant relating to next fiscal year	(13,000)	-
St. George's Society of Toronto grant relating to next fiscal year	(5,000)	-
Giftfunds Canada grant relating to next fiscal year	(5,000)	-
P. & L. Odette Foundation gift	(128,755)	-
Balance, end of year	\$ 83,027	\$ 42,759

#### **Deferred contributions related to capital assets:**

	2019	2018
Balance, beginning of year	\$ 29,324	\$ 53,348
Add: amounts received and receivable in the year for the purchase of capital assets	-	-
Less amounts recognized as revenue in the year	(14,322)	(24,024)
Balance, end of year	\$ 15,002	\$ 29,324