

# **The Good Neighbours' Club**

Operating as Haven Toronto

Financial Statements

December 31, 2018

**The Good Neighbours' Club**  
**Operating as Haven Toronto**  
**Year ended December 31, 2018**

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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, 2018 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, 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 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 16, 2019  
Toronto, Canada

# The Good Neighbours' Club

## Operating as Haven Toronto Statement of Financial Position

As At December 31, 2018

				2018	2017
	Operating	Capital	Memorial	Total	Total
<b>Assets</b>					
Current assets					
Cash	\$ 361,911	\$ –	\$ –	\$ 361,911	\$ 377,672
Amounts receivable	92,283	–	–	92,283	64,821
HST receivable	13,844	–	–	13,844	43,495
Prepaid expenses	11,924	–	–	11,924	12,014
Investments maturing in 2019 (note 5)	–	–	436,563	436,563	175,405
	479,962	–	436,563	916,525	673,407
Investments (note 5)	–	–	–	–	175,151
Capital assets (note 3)	–	37,578	–	37,578	62,987
	\$ 479,962	\$ 37,578	\$ 436,563	\$ 954,103	\$ 911,545
<b>Liabilities and Fund Balances</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 67,460	\$ –	\$ –	\$ 67,460	\$ 76,210
Deferred revenue (note 9)	42,763	–	–	42,763	36,724
	110,223	–	–	110,223	112,934
Deferred capital fund contributions (note 9)	–	29,324	–	29,324	53,348
	110,223	29,324	–	139,547	166,282
Fund balances					
Invested in capital assets	–	8,254	–	8,254	9,639
Internally restricted (note 6)	–	–	436,563	436,563	350,556
Unrestricted	369,739	–	–	369,739	385,068
	369,739	8,254	436,563	814,556	745,263
	\$ 479,962	\$ 37,578	\$ 436,563	\$ 954,103	\$ 911,545

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, 2018

				2018	2017
	Operating	Capital	Memorial	Total	Total
<b>Revenue</b>					
Grants from					
Toronto Central LHIN	\$ 288,689	\$ -	\$ -	\$ 288,689	288,689
City of Toronto	259,162	-	-	259,162	240,396
United Way	194,385	-	-	194,385	\$ 193,029
Woodgreen Community Services	95,857	-	-	95,857	95,778
Ministry for Seniors and Accessibility	53,340	-	-	53,340	60,985
Employment & Social Development Canada	8,267	-	-	8,267	-
Donations and fundraising	170,620	-	-	170,620	232,086
Donation in kind - rent-free facilities from the City of Toronto (note 7)	120,000	-	-	120,000	120,000
Members' fees	27,104	-	-	27,104	28,871
Amortization of Capital Grants (note 9)	-	24,024	-	24,024	21,961
Vending machine receipts	4,927	-	-	4,927	6,223
Good Wishes project revenue	4,127	-	-	4,127	3,327
Investment income	-	-	1,778	1,778	1,590
	<b>1,226,478</b>	<b>24,024</b>	<b>1,778</b>	<b>1,252,280</b>	<b>1,292,935</b>
<b>Expense</b>					
Salaries and wages	640,464	-	-	640,464	622,984
Rent (note 7)	120,000	-	-	120,000	120,000
Employee benefits	144,224	-	-	144,224	155,340
Building occupancy costs	62,212	-	-	62,212	65,973
Fundraising, promotion and events	62,158	-	-	62,158	36,728
Clothing and personal needs	32,690	-	-	32,690	23,399
Office and general	31,151	-	-	31,151	29,398
Amortization of capital assets	-	25,409	-	25,409	39,368
Food and small wares purchases	22,867	-	-	22,867	26,753
Computer services and software	8,906	-	-	8,906	9,040
Bad debts	8,893	-	-	8,893	-
Consulting	5,535	-	-	5,535	-
Professional fees	4,989	-	-	4,989	5,193
Travel and vehicle operating	3,613	-	-	3,613	4,820
Vending machine purchases	3,455	-	-	3,455	3,685
Good Wishes project costs	3,328	-	-	3,328	3,627
Board, committee and conference costs	3,093	-	-	3,093	782
	<b>1,157,578</b>	<b>25,409</b>	<b>-</b>	<b>1,182,987</b>	<b>1,147,090</b>
Net revenue (expense) for the year	68,900	(1,385)	1,778	69,293	145,845
Fund balances, beginning of year	385,068	9,639	350,556	745,263	599,418
Interfund transfers (note 6)	(84,229)	-	84,229	-	-
Fund balances, end of year	\$ 369,739	\$ 8,254	\$ 436,563	\$ 814,556	\$ 745,263

See accompanying notes to financial statements.

# The Good Neighbours' Club

## Operating as Haven Toronto Statement of Cash Flows

Year ended December 31, 2018

				2018	2017
	Operating	Capital	Memorial	Total	Total
<b>Cash flows from (used in):</b>					
<b>Operating activities</b>					
Net revenue (expense) for the year	\$ 68,900	\$ (1,385)	\$ 1,778	\$ 69,293	\$ 145,845
Adjustment for items not affecting cash:					
Amortization of capital grants	–	(24,024)	–	(24,024)	(21,961)
Amortization of capital assets	–	25,409	–	25,409	39,368
Changes in non-cash operating working capital balances:					
Amounts receivable	(27,462)	–	–	(27,462)	(21,043)
HST receivable	29,651	–	–	29,651	(16,912)
Prepaid expenses	90	–	–	90	937
Accounts payable	(8,750)	–	–	(8,750)	11,912
Deferred revenue	6,039	–	–	6,039	(19,391)
Interfund transfer (note 6)	(84,229)	–	84,229	–	–
	(15,761)	–	86,007	70,246	118,755
<b>Investing activities</b>					
Purchase of capital assets	–	–	–	–	20,607
Purchase of investments	–	–	(86,007)	(86,007)	(50,556)
	–	–	(86,007)	(86,007)	(29,949)
<b>Financing activities</b>					
Capital grants received	–	–	–	–	(20,607)
	–	–	–	–	(20,607)
Net increase (decrease) in cash	(15,761)	–	–	(15,761)	68,199
Cash, beginning of year	377,672	–	–	377,672	309,473
Cash, end of year	\$ 361,911	\$ –	\$ –	\$ 361,911	\$ 377,672

See accompanying notes to financial statements.

# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2018

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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 Memorial Fund reports funds subject to internal restrictions on uses established by the Board of Directors.

#### (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.

##### 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.



# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2018

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### 2. Significant accounting policies (continued)

#### (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

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Automobile	\$ 48,370	\$ 43,533	\$ 4,837	\$ 14,511
Furniture and equipment	121,867	89,126	32,741	48,476
	<u>\$ 170,237</u>	<u>\$ 132,659</u>	<u>\$ 37,578</u>	<u>\$ 62,987</u>

### 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 2018 pension expense on defined contribution plans was \$27,114 (2017 - \$29,250).

# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2018

### 5. Investments

	2018	2018
	Amortized Cost	Cost
TD Special Offer GIC, 1.3% maturing April 3, 2019	\$ 50,607	\$ 50,593
TD 3 year GIC Plus, 0.2935% maturing April 11, 2019	50,401	50,000
TD 1 year cashable GIC, 0.4% maturing April 13, 2019	85,245	85,000
TD 3 year cashable GIC, 0.95% maturing September 22, 2019	25,066	25,000
TD 1 year cashable GIC's, 1.5% maturing December 10, 2019	25,023	25,000
TD 1 year cashable GIC's, 1.5% maturing December 19, 2019	25,013	25,000
TD 1 year cashable GIC's, 1.5% maturing December 19, 2019	25,013	25,000
TD 1 year cashable GIC's, 1.5% maturing December 19, 2019	25,013	25,000
TD 1 year cashable GIC's, 1.5% maturing December 19, 2019	25,013	25,000
TD Cdn Banking & Utilities GIC, 0.843% maturing December 29, 2019	100,169	100,000
	<u>\$ 436,563</u>	<u>\$ 435,593</u>
Less amounts maturing within the next fiscal year	—	—
	<u>\$ —</u>	<u>—</u>

### 6. Memorial fund and interfund transfers

The Memorial fund is comprised of donations that are internally restricted by the Board of Directors for the purchase and maintenance of capital assets and other specific expenditures approved by them. These funds are not available for unrestricted purposes without approval of the Board of Directors.

The Board of Directors approved the transfer of \$86,007 (2017 - \$48,966) from the Operating Fund to the Memorial Fund for the purchase of investments.

### 7. Donated Rent – City of Toronto

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

### 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.

# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2018

### 9. Deferred revenue

#### Deferred contributions related to operations:

	2018	2017
Balance, beginning of year	\$ 36,724	\$ 56,115
Add: amounts received and receivable in the year for:		
United Way special grant related to next fiscal year	6,266	19,616
Good Wishes Project	–	150
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	(3,827)	(3,626)
United Way special grant	(19,404)	(35,531)
Balance, end of year	\$ 42,759	\$ 36,724

#### Deferred contributions related to capital assets:

	2018	2017
Balance, beginning of year	\$ 53,348	\$ 54,702
Add: amounts received and receivable in the year for the purchase of capital assets	–	20,607
Less amounts recognized as revenue in the year	(24,024)	(21,961)
Balance, end of year	\$ 29,324	\$ 53,348