

# **The Good Neighbours' Club**

Operating as Haven Toronto

Financial Statements

December 31, 2023

**The Good Neighbours' Club**  
**Operating as Haven Toronto**  
**Year ended December 31, 2023**

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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, 2023 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, 2023, 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, cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022 and net assets as at January 1 and December 31 for both the 2023 and 2022 years. My audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

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 qualified audit opinion.

#### Emphasis of Matter – Subsequent event

I draw attention to Note 9 of the financial statements that the Organization is in negotiations to transfer its programs and services to St. Michael's Homes. My opinion is not modified in respect of this matter.

#### 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  
Licensed Public Accountant

April 24, 2024  
Toronto, Canada

# The Good Neighbours' Club

## Operating as Haven Toronto Statement of Financial Position

As At December 31, 2023

				2023	2022
	Operating	Capital	Working Reserve	Total	Total
<b>Assets</b>					
Current assets					
Cash	\$ 756,717	\$ –	\$ –	\$ 756,717	\$ 675,387
Amounts receivable	26,269	–	–	26,269	62,069
HST receivable	23,428	–	–	23,428	28,230
Prepaid expenses	27,513	–	–	27,513	6,613
Investments (note 5)	400,438	–	–	400,438	397,791
	1,234,365	–	–	1,234,365	1,170,090
Investments (note 5)	242,000	–	1,200,000	1,442,000	1,402,734
Capital assets (note 3)	–	22,395	–	22,395	36,347
	\$1,476,365	\$ 22,395	\$1,200,000	\$2,698,760	\$2,609,171
<b>Liabilities and Fund Balances</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 97,702	\$ –	\$ –	\$ 97,702	\$ 38,261
Deferred revenue (note 8)	503,311	–	–	503,311	446,171
	601,013	–	–	601,013	484,432
Deferred capital fund contributions (note 8)	–	12,000	–	12,000	20,000
	601,013	12,000	–	613,013	504,432
Fund balances					
Invested in capital assets	–	10,395	–	10,395	16,347
Internally restricted (note 6)	–	–	1,200,000	1,200,000	788,368
Unrestricted	875,352	–	–	875,352	1,300,024
	875,352	10,395	1,200,000	2,085,747	2,104,739
	\$1,476,365	\$ 22,395	\$1,200,000	\$2,698,760	\$2,609,171

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, 2023

				2023	2022
	Operating	Capital	Working Reserve	Total	Total
<b>Revenue</b>					
Grants from:					
Toronto Central LHIN	\$ 312,327	\$ -	\$ -	\$ 312,327	\$ 299,562
City of Toronto	230,200	-	-	230,200	187,099
United Way	135,033	-	-	135,033	160,325
Woodgreen Community Services	95,974	-	-	95,974	95,974
Ministry for Seniors and Accessibility	42,700	-	-	42,700	51,490
Donations and fundraising	887,708	-	-	887,708	1,113,421
Donation in kind - rent-free facilities from the City of Toronto (note 7)	360,000	-	-	360,000	120,000
Investment income	48,723	-	-	48,723	4,110
Amortization of Capital Grants (note 8)	-	8,000	-	8,000	10,058
Sundry income	1,345	-	-	1,345	-
Good Wishes project revenue	-	-	-	-	3,655
	<b>2,114,010</b>	<b>8,000</b>	<b>-</b>	<b>2,122,010</b>	<b>2,045,694</b>
<b>Expense</b>					
Salaries and wages	985,754	-	-	985,754	813,223
Rent (note 7)	360,000	-	-	360,000	120,000
Employee benefits	238,855	-	-	238,855	216,207
Food, small wares and equipment maintenance	113,678	-	-	113,678	67,104
Temporary staffing	99,629	-	-	99,629	131,094
Professional fees	87,722	-	-	87,722	10,116
Building occupancy costs	75,167	-	-	75,167	60,646
Clothing, personal needs and services	58,933	-	-	58,933	46,852
Fundraising, promotion and events	33,639	-	-	33,639	54,420
Consulting	26,679	-	-	26,679	-
Office and general	19,966	-	-	19,966	29,479
Computer services and software	16,960	-	-	16,960	24,055
Amortization of capital assets	-	13,952	-	13,952	15,957
Investment management fees	6,264	-	-	6,264	-
Board, membership and conference costs	3,804	-	-	3,804	1,529
Good Wishes project costs	-	-	-	-	3,655
	<b>2,127,050</b>	<b>13,952</b>	<b>-</b>	<b>2,141,002</b>	<b>1,594,337</b>
Net revenue (expense) for the year	(13,040)	(5,952)	-	(18,992)	451,357
Fund balances, beginning of year	1,300,024	16,347	788,368	2,104,739	1,653,382
Interfund transfer (note 6)	153,425	-	(153,425)	-	-
Interfund transfer (note 6)	(565,057)	-	565,057	-	-
Fund balances, end of year	\$ 875,352	\$ 10,395	\$ 1,200,000	\$ 2,085,747	\$ 2,104,739

See accompanying notes to financial statements.

# The Good Neighbours' Club

## Operating as Haven Toronto Statement of Cash Flows

Year ended December 31, 2023

				2023	2022
	Operating	Capital	Working Reserve	Total	Total
<b>Cash flows from (used in):</b>					
<b>Operating activities</b>					
Net revenue (expense) for the year	\$ (13,040)	\$ (5,952)	\$ –	\$ (18,992)	\$ 451,357
Adjustment for items not affecting cash:					
Amortization of capital grants	–	(8,000)	–	(8,000)	(10,058)
Amortization of capital assets	–	13,952	–	13,952	15,957
Changes in non-cash operating working capital balances:					
Amounts receivable	35,800	–	–	35,800	(43,723)
HST receivable	4,802	–	–	4,802	892
Prepaid expenses	(20,900)	–	–	(20,900)	244
Accounts payable	59,441	–	–	59,441	(22,821)
Deferred revenue	57,140	–	–	57,140	55,103
	123,243	–	–	123,243	446,951
<b>Investing activities</b>					
Purchase of capital assets	–	–	–	–	(2,294)
Redemption (purchase) of investments	(41,913)	–	–	(41,913)	(1,104,365)
	(41,913)	–	–	(41,913)	(1,106,659)
<b>Financing activities</b>					
Capital grants received	–	–	–	–	–
Interfund transfers (note 6)	–	–	–	–	–
	–	–	–	–	–
Net increase (decrease) in cash	81,330	–	–	81,330	(659,708)
Cash, beginning of year	675,387	–	–	675,387	1,335,095
Cash, end of year	\$ 756,717	\$ –	\$ –	\$ 756,717	\$ 675,387

See accompanying notes to financial statements.

# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2023

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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.

This fund was created from existing reserves and annual Operating Fund surpluses. At December 31, 2023 the Working Reserve Fund balance was \$1,200,000 and the Operating Fund surplus for the year ended December 31, 2023 was \$875,352.

#### (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.



# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2023

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### 2. Significant accounting policies (continued)

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

##### 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.

#### (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.

# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2023

### 3. Capital assets

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 76,115	\$ 56,010	\$ 20,105	\$ 31,206
Computer equipment	14,258	11,968	2,290	5,141
	\$ 90,373	\$ 54,026	\$ 22,395	\$ 36,347

### 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 2023 pension expense on defined contribution plans was \$57,558 (2022 - \$41,263).

### 5. Investments

	2023	2023
	Amortized Cost	Market value
Investments held at CIBC Private Wealth		
Cash and cash equivalents	\$ —	\$ —
Fixed income	1,303,000	1,304,741
Mutual fund/segregated funds	4,438	4,438
Principal Protected Notes	535,000	518,099
	\$ 1,842,438	\$ 1,827,278
Less amounts maturing within the next fiscal year	(400,438)	(402,179)
	\$ 1,442,000	\$ 1,425,099

### 6. Working Reserve Fund and interfund transfers

In 2019, 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 approved a transfer of \$153,425 from the Working Reserve Fund to the Operating Fund to cover specific once-only expenditures incurred in fiscal 2023.

The Board also approved a transfer of \$565,057 from the Operating Fund to the Working Reserve Fund to set aside funds for approximately 8 months of operating expenses as described in Note 2(a).

# The Good Neighbours' Club

## Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2023

### 7. Donated Rent – City of Toronto

The recorded value of the rent donated by the City of Toronto has been re-estimated in 2023 at \$30,000 per month. It was previously estimated at \$10,000 per month since 2012.

### 8. Deferred revenue

#### Deferred contributions related to operations:

	2023	2022
Balance, beginning of year	\$ 446,171	\$ 391,068
Add: amounts received and receivable in the year	727,101	610,868
Less: amounts amortized to revenue in the year	(669,961)	(555,765)
Balance, end of year	\$ 503,311	\$ 446,171

#### Deferred contributions related to capital assets:

	2023	2022
Balance, beginning of year	\$ 20,000	\$ 30,058
Add: amounts received and receivable in the year for the purchase of capital assets	–	–
Less amounts recognized as revenue in the year	(8,000)	(10,058)
Balance, end of year	\$ 12,000	\$ 20,000

### 9. Subsequent event

On January 18, 2024 the Board of Directors approved that its Integration Liaison Committee negotiate with St. Michael's Homes relating to a proposed transfer of programs and services from The Good Neighbours' Club to St. Michael's Homes.

The above has been approved by the members of The Good Neighbours' Club.

The integration with St. Michael's Homes is still under negotiation and will not be effective until such time as the negotiations are completed and then approved by the Ontario Ministry of Health and Long-Term Care.