

The Good Neighbours' Club

Operating as Haven Toronto

Financial Statements

December 31, 2022

The Good Neighbours' Club
Operating as Haven Toronto
Year ended December 31, 2022

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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, 2022 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, 2022, 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, 2022 and 2021, current assets as at December 31, 2022 and 2021 and net assets as at January 1 and December 31 for both the 2022 and 2021 years. My audit opinion on the financial statements for the year ended December 31, 2021 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.

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

May 19, 2023
Toronto, Canada

The Good Neighbours' Club

Operating as Haven Toronto Statement of Financial Position

As At December 31, 2022

				2022	2021
	Operating	Capital	Working Reserve	Total	Total
Assets					
Current assets					
Cash	\$ 675,387	\$ -	\$ -	\$ 675,387	\$1,335,095
Amounts receivable	62,069	-	-	62,069	18,346
HST receivable	28,230	-	-	28,230	29,122
Prepaid expenses	6,613	-	-	6,613	6,857
Investments (note 5)	397,791	-	-	397,791	392,428
	1,170,090	-	-	1,170,090	1,781,848
Investments (note 5)	614,366	-	788,368	1,402,734	303,732
Capital assets (note 3)	-	36,347	-	36,347	50,010
	\$1,784,456	\$ 36,347	\$ 788,368	\$2,609,171	\$2,135,590
Liabilities and Fund Balances					
Current liabilities					
Accounts payable and accrued liabilities	\$ 38,261	\$ -	\$ -	\$ 38,261	\$ 61,082
Deferred revenue (note 8)	446,171	-	-	446,171	391,068
	484,432	-	-	484,432	452,150
Deferred capital fund contributions (note 8)	-	20,000	-	20,000	30,058
	484,432	20,000	-	504,432	482,208
Fund balances					
Invested in capital assets	-	16,347	-	16,347	19,952
Internally restricted (note 6)	-	-	788,368	788,368	784,258
Unrestricted	1,300,024	-	-	1,300,024	849,172
	1,300,024	16,347	788,368	2,104,739	1,653,382
	\$1,784,456	\$ 36,347	\$ 788,368	\$2,609,171	\$2,135,590

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, 2022

				2022	2021
	Operating	Capital	Working Reserve	Total	Total
Revenue					
Grants from:					
Toronto Central LHIN	\$ 299,562	\$ -	\$ -	\$ 299,562	\$ 293,689
City of Toronto	187,099	-	-	187,099	249,434
United Way	160,325	-	-	160,325	190,361
Woodgreen Community Services	95,974	-	-	95,974	95,974
Ministry for Seniors and Accessibility	51,490	-	-	51,490	74,014
Other	-	-	-	-	37,852
Donations and fundraising	1,113,421	-	-	1,113,421	776,098
Donation in kind - rent-free facilities from the City of Toronto (note 7)	120,000	-	-	120,000	120,000
Amortization of Capital Grants (note 8)	-	10,058	-	10,058	12,122
Good Wishes project revenue	3,655	-	-	3,655	4,156
Investment income	-	-	4,110	4,110	6,705
Gain on sale of capital assets	-	-	-	-	19,000
Recovery of bad debts	-	-	-	-	32,467
	2,031,526	10,058	4,110	2,045,694	1,663,682
Expense					
Salaries and wages	813,223	-	-	813,223	762,737
Employee benefits	216,207	-	-	216,207	211,983
Rent (note 7)	120,000	-	-	120,000	120,000
Temporary staffing	131,094	-	-	131,094	115,166
Food, small wares and equipment maintenance	67,104	-	-	67,104	88,602
Building occupancy costs	60,646	-	-	60,646	53,345
Fundraising, promotion and events	54,420	-	-	54,420	42,836
Computer services and software	24,055	-	-	24,055	31,312
Office and general	29,479	-	-	29,479	24,549
Clothing and personal needs	46,852	-	-	46,852	21,974
Amortization of capital assets	-	15,957	-	15,957	19,265
Professional fees	10,116	-	-	10,116	4,677
Good Wishes project costs	3,655	-	-	3,655	4,156
Board, committee and conference costs	1,529	-	-	1,529	790
Travel and vehicle operating	-	-	-	-	(1,431)
	1,578,380	15,957	-	1,594,337	1,499,961
Net revenue (expense) for the year	453,146	(5,899)	4,110	451,357	411,911
Fund balances, beginning of year	849,172	19,952	784,258	1,653,382	1,241,471
Interfund transfers (note 6)	(2,294)	2,294	-	-	-
Fund balances, end of year	\$ 1,300,024	\$ 16,347	\$ 788,368	\$ 2,104,739	\$ 1,653,382

See accompanying notes to financial statements.

The Good Neighbours' Club

Operating as Haven Toronto Statement of Cash Flows

Year ended December 31, 2022

				2022	2021
	Operating	Capital	Working Reserve	Total	Total
Cash flows from (used in):					
Operating activities					
Net revenue (expense) for the year	\$ 453,146	\$ (5,899)	\$ 4,110	\$ 451,357	\$ 411,911
Adjustment for items not affecting cash:					
Amortization of capital grants	–	(10,058)	–	(10,058)	(12,122)
Amortization of capital assets	–	15,957	–	15,957	19,265
Changes in non-cash operating working capital balances:					
Amounts receivable	(43,723)	–	–	(43,723)	(10,351)
HST receivable	892	–	–	892	814
Prepaid expenses	244	–	–	244	6,126
Accounts payable	(22,821)	–	–	(22,821)	11,124
Deferred revenue	55,103	–	–	55,103	180,240
	442,841	–	4,110	446,951	607,007
Investing activities					
Purchase of capital assets	–	(2,294)	–	(2,294)	(16,126)
Purchase of investments	(1,012,157)	–	(92,208)	(1,104,365)	(4,790)
	(1,012,157)	(2,294)	(92,208)	(1,106,659)	(20,916)
Financing activities					
Capital grants received	–	–	–	–	–
Interfund transfers (note 6)	(2,294)	2,294	–	–	–
	(2,294)	2,294	–	–	–
Net increase (decrease) in cash	(571,610)	–	(88,098)	(659,708)	586,091
Cash, beginning of year	1,246,997	–	88,098	1,335,095	749,004
Cash, end of year	\$ 675,387	\$ –	\$ –	\$ 675,387	\$1,335,095

See accompanying notes to financial statements.

The Good Neighbours' Club

Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2022

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, 2022 the Working Reserve Fund balance was \$788,368 and the Operating Fund surplus for the year ended December 31, 2022 was \$1,300,024.

(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, 2022

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, 2022

3. Capital assets

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 76,115	\$ 44,909	\$ 31,206	\$ 43,745
Computer equipment	14,258	9,117	5,141	6,265
	\$ 90,373	\$ 54,026	\$ 36,347	\$ 50,010

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 2022 pension expense on defined contribution plans was \$41,263 (2021 - \$55,022).

5. Investments

	2022	2022
	Amortized Cost	Cost
Investments held at CIBC Private Wealth		
Cash and cash equivalents	\$ 1,791	\$ 1,791
Fixed income	1,260,000	1,260,000
Mutual fund/segregated funds	3,734	3,723
Principal Protected Notes	535,000	535,000
	\$ 1,800,525	\$ 1,800,514
Less amounts maturing within the next fiscal year	(397,791)	(397,791)
	\$ 1,402,734	\$ 1,402,723

The Good Neighbours' Club

Operating as Haven Toronto Notes to Financial Statements

Year ended December 31, 2022

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 of Directors approved the net transfer of \$2,294 (2021 - \$2,874) from the Operating Fund to the Capital Fund for the purchase of capital assets.

The Board of Directors approved the transfer of \$nil (2021 - \$ nil) 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 at \$10,000 per month since 2012.

8. Deferred revenue

Deferred contributions related to operations:

	2022	2021
Balance, beginning of year	\$ 391,068	\$ 210,828
Add: amounts received and receivable in the year	610,868	348,675
Less: amounts amortized to revenue in the year	(555,765)	(168,435)
Balance, end of year	\$ 446,171	\$ 391,068

Deferred contributions related to capital assets:

	2022	2021
Balance, beginning of year	\$ 30,058	\$ 42,180
Add: amounts received and receivable in the year for the purchase of capital assets	–	–
Less amounts recognized as revenue in the year	(10,058)	(12,122)
Balance, end of year	\$ 20,000	\$ 30,058