
THE TORONTO CITY MISSION
FINANCIAL STATEMENTS
JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Members of the Corporation
The Toronto City Mission
SCARBOROUGH
Ontario

Report on the Financial Statements

We have audited the accompanying financial statements of The Toronto City Mission which comprise the statement of financial position as at June 30, 2017 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As is common with many charitable organizations, The Toronto City Mission derives part of its revenue from the general public in the form of contributions, which are not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to the amounts recorded in the records of The Toronto City Mission and we were not able to determine whether any adjustments might be necessary to contribution revenues, excess of revenues over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of The Toronto City Mission as at June 30, 2017 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.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

September 19, 2017

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THE TORONTO CITY MISSION
STATEMENT OF FINANCIAL POSITION

As at June 30,

2017

2016

ASSETS

Current

Cash	\$ 282,106	\$ 91,747
Marketable securities (Note 2)	1,201,358	1,337,101
Accounts receivable (Note 3)	36,749	49,505
Prepaid expenses	15,248	14,975
	<u>\$ 1,535,461</u>	<u>\$ 1,493,328</u>

Restricted Cash

25,000 25,000

Capital Assets (Note 4)

- 2,821

\$ 1,560,461 \$ 1,521,149

LIABILITIES

Current

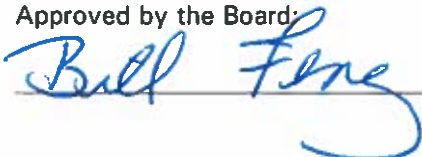
Accounts payable and accrued liabilities	\$ 12,627	\$ 14,238
Deferred revenue (Note 5)	132,060	101,326
	<u>\$ 144,687</u>	<u>\$ 115,564</u>


NET ASSETS

General Fund	\$ 1,390,774	\$ 1,380,585
Endowment Fund	25,000	25,000
	<u>\$ 1,415,774</u>	<u>\$ 1,405,585</u>
	<u>\$ 1,560,461</u>	<u>\$ 1,521,149</u>

Commitments (Note 7)

Approved by the Board:

 Director

 Director

See accompanying notes

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THE TORONTO CITY MISSION
STATEMENT OF CHANGES IN FUND BALANCES

For the year ended June 30, 2017

	Balance - Beginning	Revenues	Expenses	Investment Income (Loss)	Balance - Ending
Unrestricted Funds					
General	\$ 1,380,585	\$ 941,404	\$ 1,061,671	\$ 130,456	\$ 1,390,774
Externally Restricted Funds					
Endowment	25,000	-	-	-	25,000
TOTAL FUNDS	<u>\$ 1,405,585</u>	<u>\$ 941,404</u>	<u>\$ 1,061,671</u>	<u>\$ 130,456</u>	<u>\$ 1,415,774</u>
TOTAL FUNDS – PRIOR YEAR	<u>\$ 1,609,699</u>	<u>\$ 890,971</u>	<u>\$ 1,067,989</u>	<u>\$ (27,096)</u>	<u>\$ 1,405,585</u>

See accompanying notes

THE TORONTO CITY MISSION**STATEMENT OF OPERATIONS – GENERAL FUND**

For the year ended June 30,

2017**2016**

REVENUES

Contributions	\$ 644,113	\$ 650,869
Government grants	141,562	131,293
Bequests	54,406	16,735
Gifts in kind	52,384	8,278
Special events	33,979	66,243
Cost recoveries	8,460	-
Camp fees	6,500	8,532
Gain on sale of capital assets	-	9,021
	<u>\$ 941,404</u>	<u>\$ 890,971</u>

EXPENSES (Note 8)

Community programs	\$ 812,862	\$ 782,488
Resource development	144,634	172,402
Operations and administration	104,175	113,099
	<u>\$ 1,061,671</u>	<u>\$ 1,067,989</u>

DEFICIENCY OF REVENUES OVER EXPENSES**BEFORE THE FOLLOWING:**

	\$ (120,267)	\$ (177,018)
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Investment income (loss) (Note 6)

	<u>130,456</u>	<u>(27,096)</u>
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EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES

	<u>\$ 10,189</u>	<u>\$ (204,114)</u>
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See accompanying notes

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THE TORONTO CITY MISSION

STATEMENT OF CASH FLOWS

For the year ended June 30,

2017

2016

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ 10,189	\$ (204,114)
Items not affecting cash:		
Investment (income) loss	(130,456)	27,096
Gain on sale of capital assets	-	(9,021)
Gifts in kind	(52,384)	(8,278)
Amortization	2,821	3,509
	<u>\$ (169,830)</u>	<u>\$ (190,808)</u>
Net change in non-cash working capital balances (Note 9)	41,606	102,629
	<u>\$ (128,224)</u>	<u>\$ (88,179)</u>

INVESTING ACTIVITIES

Net proceeds from sale of investments	\$ 318,583	\$ 146,544
Proceeds from sale of capital assets	-	12,014
	<u>\$ 318,583</u>	<u>\$ 158,558</u>

NET INCREASE IN CASH

\$ 190,359 \$ 70,379

CASH - Beginning

116,747 46,368

CASH - Ending

\$ 307,106 \$ 116,747

SUPPLEMENTARY CASH FLOW INFORMATION

Cash consists of the following:

Cash - unrestricted	\$ 282,106	\$ 91,747
Cash - restricted	25,000	25,000
	<u>\$ 307,106</u>	<u>\$ 116,747</u>

See accompanying notes

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THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

ORGANIZATION'S PURPOSE

The Toronto City Mission (the "Organization") is a not-for-profit Christian organization that demonstrates God's love in tangible ways by living among the families of our city's poor communities and partnering with others to achieve positive change.

The Organization was incorporated without share capital under the laws of the Province of Ontario in 1967 and is registered with Canada Revenue Agency as a charitable organization.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Fund Accounting

The General Fund accounts for the unrestricted contributions and funds staff support and related expenses including various administrative expenses of the Organization.

The Endowment Fund reports funds to be held in perpetuity. Investment income earned on these funds is not restricted and thus is reported in the General Fund.

b) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used. Significant estimates include the estimated useful life of capital assets.

c) Foreign Currency Translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end exchange rate, while non-monetary assets are translated at the rate of exchange prevailing at the date of the transaction. Revenues and expenses are translated at the average rates of exchange during the year.

d) Cash and Cash Equivalents

Cash and cash equivalents include cash in the Organization's bank and investment accounts only.

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) Capital Assets

Capital assets are recorded at cost. Amortization is provided over the estimated useful life of the assets using the following annual rates and methods:

	<u>Rate</u>	<u>Method</u>
Computer equipment	3 years	straight-line
Leasehold improvements	8 years	straight-line

f) Impairment of Capital Assets

When a capital asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the general fund.

g) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which 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 for the year. Government grants are recognized in the period to which they relate when received. Gifts in kind are recognized in revenue when received and are recorded based on the fair market value of the goods received on the date of contribution. Unrestricted bequests are recognized in the period when received by the Organization. Special events revenue and camp fees are recognized on completion of the event to which they relate.

h) Financial Instruments

Measurement of Financial Instruments

The Organization initially measures all of its financial assets and liabilities at fair value and subsequently measures all of its financial assets and liabilities at amortized cost, with the exception of investments in equity instruments. Investments in equity instruments that are quoted in an active market are measured at fair value. Changes in fair value are recognized in the excess (deficiency) of revenues over expenses.

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

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

h) Financial Instruments - Continued

Measurement of Financial Instruments - Continued

Other than marketable securities, the Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess (deficiency) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down.

i) Allocation of Expenses

The Organization reports expenses in the General Fund based on various operating functions as disclosed on the statement of operations and Note 8. Additionally, the Organization allocates certain common payroll expenses based on relative usage estimations by each function as follows:

	Community Programs	Operations and Administration	Resource Development
Executive Director	33%	33%	33%
Development Officer	0%	0%	100%
Accounting and administrative	33%	33%	33%
Community Missionaries	100%	0%	0%

2. MARKETABLE SECURITIES

Marketable securities consist of the following:

	2017	2016
Government bonds	\$ 465,787	\$ 517,653
Foreign equities translated into Canadian dollars	371,224	403,472
Canadian equities	364,347	415,976
	\$1,201,358	\$1,337,101

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2017	2016
Government grants receivable	\$ 25,302	\$ 37,331
HST refundable	10,530	11,724
Other contributions receivable	<u>917</u>	<u>450</u>
	<u>\$ 36,749</u>	<u>\$ 49,505</u>

Government grants receivable consists of amounts owing from the City of Toronto's Investing in Neighbourhoods program whereby certain program staff members' salaries are reimbursed.

4. CAPITAL ASSETS

Capital assets consist of the following:

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	<u>\$ 22,567</u>	<u>\$ 22,567</u>	<u>\$ -</u>	<u>\$ 2,821</u>

5. DEFERRED REVENUE

Deferred revenue consists of contributions received from various sources for items and projects to be disbursed in the following year as follows:

	2017	2016
Balance - Beginning	\$ 101,326	\$ 4,433
Add: Contributions received related to the following year	132,060	101,326
Less: Amount recognized as revenue in the year	<u>(101,326)</u>	<u>(4,433)</u>
Balance - Ending	<u>\$ 132,060</u>	<u>\$ 101,326</u>

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

6. INVESTMENT INCOME (LOSS)

Investment income (loss) consists of the following:

	2017	2016
Realized gains	\$ 59,568	\$ 26,720
Interest and dividends	28,170	21,873
Net increase (decrease) in fair value of investments	<u>49,952</u>	<u>(68,050)</u>
	\$ 137,690	\$ (19,457)
Less: Investment management fees	<u>7,234</u>	<u>7,639</u>
	<u>\$ 130,456</u>	<u>\$ (27,096)</u>

7. COMMITMENTS

The Organization has entered into a lease agreement for its premises located in Chinese Gospel Church, Scarborough, Ontario. The term of the lease is for five years, expiring on December 31, 2019. The rental commitment over the term is between \$18,000 and \$19,000 per year.

The Organization has entered into a lease agreement for office equipment for \$203 per year and expires in December 2019. The Organization has an agreement for a copier under which they are committed to pay \$1,632 per year until the contract expires in December 2020.

The Organization has entered into an agreement with St. Stephen's Presbyterian Church to partner together and operate various programs to which the Organization has committed \$400 per month.

The Organization has entered into an agreement with Wilmar Heights Baptist Church to partner together and operate the Role Model Moms Program. The Organization has committed \$350 per month towards this purpose.

The combined annual commitments for the next four years are as follows:

2018	\$ 29,335
2019	21,035
2020	11,333
2021	<u>816</u>
	<u>\$ 62,519</u>

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8. ALLOCATED EXPENSES

The Organization allocates expenses between community programs, resource development and operations and administration functions based on an estimate of the utilization of these services as follows:

	Community Programs	Resource Development	Operations and Administration	Total
Staff				
Salaries	\$ 659,696	\$ 127,774	\$ 44,615	\$ 832,085
Benefits	7,432	453	453	8,338
	<u>\$ 667,128</u>	<u>\$ 128,227</u>	<u>\$ 45,068</u>	<u>\$ 840,423</u>
Administrative and Occupancy				
Office and general	\$ -	\$ -	\$ 23,061	\$ 23,061
Occupancy costs	-	-	18,600	18,600
Insurance	-	-	9,220	9,220
Professional fees	-	-	5,405	5,405
Amortization	-	-	2,821	2,821
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,107</u>	<u>\$ 59,107</u>
Fundraising	<u>\$ -</u>	<u>\$ 16,407</u>	<u>\$ -</u>	<u>\$ 16,407</u>
Camp and Community Programs				
Victoria Village	\$ 36,664	\$ -	\$ -	\$ 36,664
Jane/Finch RMM	31,084	-	-	31,084
St. James Town	25,610	-	-	25,610
Kingston-Galloway	14,660	-	-	14,660
Willowtree	14,747	-	-	14,747
Flemingdon Park	8,556	-	-	8,556
Family Camp	7,650	-	-	7,650
General	6,763	-	-	6,763
	<u>\$ 145,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,734</u>
Total	<u>\$ 812,862</u>	<u>\$ 144,634</u>	<u>\$ 104,175</u>	<u>\$ 1,061,671</u>

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

9. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

The net change in non-cash working capital balances consists of:

	2017	2016
Accounts receivable	\$ 12,756	\$ 9,033
Prepaid expenses	(273)	(4,902)
Accounts payable and accrued liabilities	(1,611)	1,605
Deferred revenue	<u>30,734</u>	<u>96,893</u>
	<u>\$ 41,606</u>	<u>\$ 102,629</u>

10. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at June 30, 2017:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable. Accounts receivable consists primarily of refundable HST and government grants receivable which do not expose the Organization to significant credit risk. There has been no change in the assessment of credit risk from the prior year.

b) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk with respect to its accounts payable and accrued liabilities. The Organization manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Organization is exposed to market risk as follows:

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

10. FINANCIAL INSTRUMENTS - Continued

c) Market Risk - Continued

i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some marketable securities are exposed to foreign exchange fluctuations. As at June 30, 2017, marketable securities totaling \$371,224 (2016 – \$403,472) are denominated in US dollars and have been converted into equivalent Canadian dollars at the exchange rate in effect at the year end. The exposure to this risk changes as the transaction and balance amounts change and as the exchange rate fluctuates. The US exchange rate at June 30, 2017 was 1.30 (2016 - 1.29).

ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is not exposed to significant interest rate risk.

iii) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to price risk through its investments in quoted shares. The exposure to this risk fluctuates as the Organization's investments change from year to year.