
THE TORONTO CITY MISSION
FINANCIAL STATEMENTS
JUNE 30, 2018

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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, 2018 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, 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.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada
September 18, 2018

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THE TORONTO CITY MISSION
STATEMENT OF FINANCIAL POSITION

As at June 30,

2018

2017

ASSETS

Current

Cash	\$ 48,919	\$ 282,106
Marketable securities (Note 2)	1,258,764	1,201,358
Accounts receivable (Note 3)	28,877	36,749
Prepaid expenses	14,699	15,248
	<u>\$ 1,351,259</u>	<u>\$ 1,535,461</u>

Restricted Cash

	<u>25,000</u>	<u>25,000</u>
	<u>\$ 1,376,259</u>	<u>\$ 1,560,461</u>

LIABILITIES

Current


Accounts payable and accrued liabilities	\$ 12,293	\$ 12,627
Deferred revenue (Note 4)	28,892	132,060
	<u>\$ 41,185</u>	<u>\$ 144,687</u>

NET ASSETS

General Fund	\$ 1,310,074	\$ 1,390,774
Endowment Fund	25,000	25,000
	<u>\$ 1,335,074</u>	<u>\$ 1,415,774</u>
	<u>\$ 1,376,259</u>	<u>\$ 1,560,461</u>

Commitments (Note 6)

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, 2018

	Balance - Beginning	Revenues	Expenses	Investment Income (Loss)	Balance - Ending
Unrestricted Funds					
General	\$ 1,390,774	\$ 938,799	\$ 1,059,251	\$ 39,752	\$ 1,310,074
Externally Restricted Funds					
Endowment	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
TOTAL FUNDS	<u>\$ 1,415,774</u>	<u>\$ 938,799</u>	<u>\$ 1,059,251</u>	<u>\$ 39,752</u>	<u>\$ 1,335,074</u>
TOTAL FUNDS - PRIOR YEAR	<u>\$ 1,405,585</u>	<u>\$ 941,404</u>	<u>\$ 1,061,671</u>	<u>\$ 130,456</u>	<u>\$ 1,415,774</u>

See accompanying notes

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

For the year ended June 30,

2018**2017**

REVENUES

Contributions	\$ 686,403	\$ 644,113
Government grants	156,041	141,562
Special events	65,172	33,979
Gifts in kind	11,776	52,384
Bequests	10,120	54,406
Cost recoveries	7,687	8,460
Camp fees	1,600	6,500
	<u>\$ 938,799</u>	<u>\$ 941,404</u>

EXPENSES (Note 7)

Community programs	\$ 789,700	\$ 812,862
Resource development	168,854	144,634
Operations and administration	100,697	104,175
	<u>\$ 1,059,251</u>	<u>\$ 1,061,671</u>

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

	\$ (120,452)	\$ (120,267)
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Investment income (Note 5)

	<u>39,752</u>	<u>130,456</u>
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EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES

	<u>\$ (80,700)</u>	<u>\$ 10,189</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,

2018

2017

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

OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ (80,700)	\$ 10,189
Items not affecting cash:		
Investment income	(39,752)	(130,456)
Gifts in kind	(11,776)	(52,384)
Amortization	-	2,821
	<u>\$ (132,228)</u>	<u>\$ (169,830)</u>
Net change in non-cash working capital balances (Note 8)	<u>(95,081)</u>	<u>41,606</u>
	<u>\$ (227,309)</u>	<u>\$ (128,224)</u>

INVESTING ACTIVITIES

Net change from sale of investments	<u>(5,878)</u>	<u>318,583</u>
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INCREASE (DECREASE) IN CASH

	<u>\$ (233,187)</u>	<u>\$ 190,359</u>
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CASH – Beginning

	<u>307,106</u>	<u>116,747</u>
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CASH – Ending

	<u>\$ 73,919</u>	<u>\$ 307,106</u>
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SUPPLEMENTARY CASH FLOW INFORMATION

Cash consists of the following:

Cash - unrestricted	\$ 48,919	\$ 282,106
Cash - restricted	<u>25,000</u>	<u>25,000</u>
	<u>\$ 73,919</u>	<u>\$ 307,106</u>

See accompanying notes

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THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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, 2018

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) 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.

f) 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.

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.

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

g) 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 7. 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:

	2018	2017
Government bonds	\$ 465,462	\$ 465,787
Foreign equities translated into Canadian dollars	416,912	371,224
Canadian equities	<u>376,390</u>	<u>364,347</u>
	<u>\$ 1,258,764</u>	<u>\$ 1,201,358</u>

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2018	2017
Government grants receivable	\$ 18,354	\$ 25,302
HST refundable	10,523	10,530
Other contributions receivable	<u>-</u>	<u>917</u>
	<u>\$ 28,877</u>	<u>\$ 36,749</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.

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

4. DEFERRED REVENUE

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

	2018	2017
Balance - Beginning	\$ 132,060	\$ 101,326
Add: Contributions received related to the following year	28,892	132,060
Less: Amount recognized as revenue in the year	<u>(132,060)</u>	<u>(101,326)</u>
Balance - Ending	<u>\$ 28,892</u>	<u>\$ 132,060</u>

5. INVESTMENT INCOME

Investment income consists of the following:

	2018	2017
Realized gains	\$ 34,866	\$ 59,568
Interest and dividends	24,569	28,170
Gain (loss) in fair value of investments	<u>(12,988)</u>	<u>49,952</u>
	\$ 46,447	\$ 137,690
Less: Investment management fees	<u>(6,695)</u>	<u>(7,234)</u>
	<u>\$ 39,752</u>	<u>\$ 130,456</u>

6. 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 remaining rental commitment is \$19,200 per year.

The Organization has entered into a lease agreement for office equipment for \$203 per year which 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 combined annual commitments for the next three years are as follows:

2019	\$ 21,035
2020	11,333
2021	<u>816</u>
	<u>\$ 33,184</u>

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

7. 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	\$ 656,095	\$ 135,867	\$ 46,077	\$ 838,039
Benefits	<u>5,719</u>	<u>384</u>	<u>384</u>	<u>6,487</u>
	<u>\$ 661,814</u>	<u>\$ 136,251</u>	<u>\$ 46,461</u>	<u>\$ 844,526</u>
Administrative and Occupancy				
Office and general	\$ -	\$ -	\$ 20,402	\$ 20,402
Occupancy costs	-	-	19,200	19,200
Insurance	-	-	9,229	9,229
Professional fees	-	-	5,405	5,405
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,236</u>	<u>\$ 54,236</u>
Fundraising	<u>\$ -</u>	<u>\$ 32,603</u>	<u>\$ -</u>	<u>\$ 32,603</u>
Camp and Community Programs				
Victoria Village	\$ 34,169	\$ -	\$ -	\$ 34,169
Jane/Finch RMM	28,942	-	-	28,942
St. James Town	23,331	-	-	23,331
Kingston-Galloway	13,640	-	-	13,640
Willowtree	10,412	-	-	10,412
Flemingdon Park	9,410	-	-	9,410
General	7,982	-	-	7,982
	<u>\$ 127,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,886</u>
Total	<u>\$ 789,700</u>	<u>\$ 168,854</u>	<u>\$ 100,697</u>	<u>\$ 1,059,251</u>

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

8. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

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

	2018	2017
Accounts receivable	\$ 7,872	\$ 12,756
Prepaid expenses	549	(273)
Accounts payable and accrued liabilities	(334)	(1,611)
Deferred revenue	<u>(103,168)</u>	<u>30,734</u>
	<u>\$ (95,081)</u>	<u>\$ 41,606</u>

9. 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, 2018:

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, 2018

9. 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, 2018, marketable securities totaling \$416,912 (2017 - \$371,224) 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, 2018 was 1.32 (2017 - 1.30).

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.