

TORONTO KIWANIS BOYS AND GIRLS CLUBS

OPERATING AS BGC TORONTO KIWANIS

FINANCIAL STATEMENTS

DECEMBER 31, 2023

HILBORNLLP

Independent Auditor's Report

To the Members of Toronto Kiwanis Boys and Girls Clubs

Qualified Opinion

We have audited the financial statements of Toronto Kiwanis Boys and Girls Clubs (the "Clubs"), which comprise the balance sheet as at December 31, 2023, and the statements of revenues and expenses, 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 our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Clubs 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, Toronto Kiwanis Boys and Girls Clubs derives revenues from fundraising events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Toronto Kiwanis Boys and Girls Clubs and we are not able to determine whether, for the year ended December 31, 2023, any adjustments might be necessary to revenues and excess of revenues over expenses reported in the statement of revenues and expenses, cash balances reported in the statements of cash flows and current assets and net assets as reported in the balance sheet.

Our audit opinion on the financial statements for the year ended December 31, 2022 was modified because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Clubs in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 ability of the Clubs 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 Clubs or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Clubs.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 internal control of the Clubs.
- 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 ability of the Clubs to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Clubs 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.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
June 19, 2024

Chartered Professional Accountants
Licensed Public Accountants

TORONTO KIWANIS BOYS AND GIRLS CLUBS
OPERATING AS BGC TORONTO KIWANIS

Balance Sheet

December 31	2023 \$	2022 \$
ASSETS		
Current assets		
Cash	500,724	533,680
Investments in GICs	-	213,993
Grants receivable	468,243	251,120
HST rebate	203,122	182,479
Prepaid expenses	14,679	11,189
Due from Cabbagetown Youth Centre (note 7)	75,010	-
	1,261,778	1,192,461
Long-term assets		
Property and equipment (note 4)	426,586	589,591
	1,688,364	1,782,052
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	266,129	264,565
Deferred revenues (note 5)	271,288	160,302
Due to Cabbagetown Youth Centre (note 7)	-	5,447
	537,417	430,314
Long-term liabilities		
Deferred revenues - Wondolowski scholarship fund (note 3)	155,000	165,000
Deferred capital contributions (note 6)	264,051	396,077
	419,051	561,077
	956,468	991,391
NET ASSETS		
Unrestricted net assets	191,896	250,661
Internally restricted		
Operating contingency fund	420,000	420,000
Capital reserve fund	120,000	120,000
	731,896	790,661
	1,688,364	1,782,052

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director



Director



TORONTO KIWANIS BOYS AND GIRLS CLUBS
OPERATING AS BGC TORONTO KIWANIS

Statement of Revenues and Expenses

Year ended December 31	2023	2022 (note 9)
	\$	\$
Revenue		
Funding from the Kiwanis Club of Toronto Sources		
The Toronto Kiwanis T.P. Loblaw Charitable Trust	243,600	246,600
The Kiwanis Club of Toronto Foundation	424,333	90,585
	667,933	337,185
Government and other grants (note 8)	1,410,399	1,793,914
United Way of Greater Toronto grants	256,453	273,677
Donations and fundraising	1,203,541	895,164
User fees	124,274	110,926
Amortization of capital contributions (note 6)	132,026	759,583
Other income	34,929	9,771
	3,829,555	4,180,220
Expenses		
Salaries and benefits	2,111,885	2,354,096
Occupancy	697,404	294,803
Fundraising	111,171	69,612
Program	430,501	419,858
Depreciation	196,494	794,940
General and administrative	180,589	185,313
Professional fees	160,276	88,151
	3,888,320	4,206,773
Deficiency of revenues over expenses for the year	(58,765)	(26,553)

The accompanying notes are an integral part of these financial statements

TORONTO KIWANIS BOYS AND GIRLS CLUBS
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Statement of Changes in Net Assets

Year ended December 31

	Unrestricted \$	Operating Contingency Fund \$	Capital Reserve Fund \$	2023 Total \$
Balance, beginning of year	250,661	420,000	120,000	790,661
Deficiency of revenues over expenses for the year	(58,765)	-	-	(58,765)
Balance, end of year	191,896	420,000	120,000	731,896

	Unrestricted \$	Operating Contingency Fund \$	Capital Reserve Fund \$	2022 Total \$
Balance, beginning of year	277,214	420,000	120,000	817,214
Deficiency of revenues over expenses for the year	(26,553)	-	-	(26,553)
Balance, end of year	250,661	420,000	120,000	790,661

The accompanying notes are an integral part of these financial statements

TORONTO KIWANIS BOYS AND GIRLS CLUBS
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Statement of Cash Flows

Year ended December 31	2023 \$	2022 \$
Cash flows from operating activities		
Cash receipts from The Kiwanis Club of Toronto sources	667,933	337,185
Cash receipts from government and other grants	1,605,216	1,917,718
Cash receipts from fundraising and donations	1,273,314	1,006,090
Cash receipts from other revenues	34,929	9,771
Cash paid to employees and suppliers	(3,714,395)	(3,321,450)
	(133,003)	(50,686)
Cash flows from investing activities		
Purchase of property and equipment	(33,489)	(548,553)
Redemption of investments in GICs	213,993	296,280
	180,504	(252,273)
Cash flows from financing activities		
Capital contributions received	-	143,337
Advance (to) from Cabbagetown Youth Centre	(80,457)	5,447
	(80,457)	148,784
Net change in cash	(32,956)	(154,175)
Cash, beginning of year	533,680	687,855
Cash, end of year	500,724	533,680

The accompanying notes are an integral part of these financial statements

TORONTO KIWANIS BOYS AND GIRLS CLUBS

OPERATING AS BGC TORONTO KIWANIS

Notes to Financial Statements

December 31, 2023

Nature of Operations

Toronto Kiwanis Boys and Girls Clubs (the "Clubs") is a voluntary organization providing a wide range of programs and services for children and youth aged 6 to 18 years, through professional staff, part time program staff and volunteers. The Clubs provides a safe and positive environment where children and youth can learn, grow and develop the skills they will need as contributing members of society.

Toronto Kiwanis Boys and Girls Clubs is a registered charitable organization incorporated without share capital under the laws of the Province of Ontario and, as such, is generally exempt from income tax.

Effective September 15, 2021, the Clubs operates under the name of BGC Toronto Kiwanis.

1. Significant accounting policies

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below:

(a) Basis of presentation

Unrestricted net assets account for the day-to-day service delivery activities of the Clubs.

The Board of Directors of the Clubs has internally restricted net assets to be used for specific purposes. These funds are not available for operating purposes without approval of the Board of Directors. The details of internally restricted net assets are as follows:

- The Operating Contingency Fund was established to allow for unbudgeted expenses. Any withdrawals are subject to the approval by the Board.
- The Capital Reserve Fund was established to allow for unbudgeted expenses of a capital nature. Any withdrawals are subject to the approval by the Board.

(b) Revenue recognition

The Clubs uses the deferral method in accounting for grants. Accordingly, grants subject to externally imposed restrictions are initially recorded as deferred revenue and are subsequently recognized as revenue in the period in which the related expenses are incurred or other grant requirements are satisfied.

Contributions from governments, foundations and other funding agencies that are not for a specific purpose are recognized as revenue when received or receivable.

Unrestricted donations are recognized as revenue when received. Restricted donations are recognized in the year when the funds are used for the purposes specified by the donor.

Revenues from fundraising events are recognized in the period in which the event takes place. Funds received from the fundraising events for specific purposes are recognized as revenue when the funds received are used for the purposes specified during the fundraising event.

TORONTO KIWANIS BOYS AND GIRLS CLUBS
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Notes to Financial Statements (continued)

December 31, 2023

1. **Significant accounting policies (continued)**

(b) **Revenue recognition (continued)**

User fees are recognized as revenue when the service has been rendered. Other revenues are recognized as earned.

Other income consists of interest income, sales tax rebate and other incidental income. Interest income is recognized as earned. Sales tax rebate is recognized when receivable. Other incidental income is recognized when collection is reasonably assured.

(c) **Related parties**

For purposes of these financial statements, a party is considered to be related to the Clubs if such party or the Clubs has the ability to, directly or indirectly, control or exercise significant influence over the other's financial and operating decisions, or if the Clubs and such party are subject to common control or common significant influence. Related parties may be individuals or other organizations.

Transactions with related parties are initially measured at cost, determined using undiscounted cash flows.

(d) **Financial instruments**

Measurement of financial assets and liabilities

The Clubs initially measures its financial assets and financial liabilities, with the exception of financial instruments originated or exchanged in a related party transaction, at fair value.

The Clubs subsequently measures all of its financial assets and financial liabilities, with the exception of related party financial instruments, at amortized cost.

Related party financial instruments are initially measured at cost, determined using undiscounted cash flows excluding interest, less any impairment losses previously recognized by the transferor, if the financial instrument has repayment terms, or using the amount of consideration transferred or received, if the financial instrument does not have repayment terms. Subsequently, they are measured at cost less impairment.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash and grants receivable.

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

Financial assets measured at cost less impairment include amount due from Cabbagetown Youth Centre.

Notes to Financial Statements (continued)

December 31, 2023

1. **Significant accounting policies (continued)**

(d) **Financial instruments (continued)**

Impairment

At the end of each year, the Clubs assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Clubs, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Clubs determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.

When the Clubs identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial asset at the statement of financial position date.

Any impairment of the financial asset is recognized in income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year the reversal occurs.

TORONTO KIWANIS BOYS AND GIRLS CLUBS
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Notes to Financial Statements (continued)

December 31, 2023

1. **Significant accounting policies (continued)**

(e) **Property and equipment**

Property and equipment are recorded at cost. Repairs and maintenance costs are recognized as expenses as they are incurred. Betterments which extend the intended life of an asset are capitalized.

Depreciation is provided for, upon the commencement of the utilization of the assets, at the following annual rates on a straight line basis:

Leasehold improvements	- over the remaining term of the lease plus renewal option
Equipment	- 4 years
Vehicle	- 4 years

The above rates are reviewed annually for ongoing appropriateness. Any changes to these estimates are adjusted on a prospective basis. If there is an indication that the property and equipment assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2023.

(f) **Deferred capital contributions**

Funds received for the acquisition of property and equipment are deferred and recognized as revenue on the same basis as the depreciation of the related property and equipment.

(g) **Contributed goods and services**

Contributed goods and services are not recognized in the accounts of the Clubs, except when fair value of such goods and services can reasonably be established and when the goods and services are normally purchased by the Clubs and would be paid for if not donated.

(h) **Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made difficult, complex or subjective judgments, include useful lives of property and equipment and accrued liabilities. Actual results could differ from these and other estimates, the impact of which would be recorded in future affected years.

TORONTO KIWANIS BOYS AND GIRLS CLUBS
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Notes to Financial Statements (continued)

December 31, 2023

2. Financial instruments risk management

The Clubs is exposed to various risks through its financial instruments. The following analysis provides a measure of the Clubs risk exposure and concentration at the balance sheet date.

The financial instruments of the Clubs and the nature of the risks to which those instruments may be subject, are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
			Currency	Interest rate	Other price
Cash	X			X	
Due from Cabbagetown Youth Centre	X				
Grants receivable	X				
Accounts payable and accrued liabilities		X			

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Clubs' main credit risk relates to cash and grants receivable..

The maximum exposure of the Clubs to credit risk is as follows:

	2023	2022
	\$	\$
Cash	500,724	533,680
Investments in GICs	-	213,993
Grants receivable	468,243	251,120
Due from Cabbagetown Youth Centre	75,010	-
	1,043,977	998,793

The Clubs reduces its exposure to the credit risk of cash by maintaining balances with a reputable Canadian financial institution.

The Clubs is not exposed to significant credit risk with respect to grants receivable and due from Cabbagetown Youth Centre as the Clubs received the grants subsequently and collection from the Cabbagetown Youth Centre is reasonably assured.

TORONTO KIWANIS BOYS AND GIRLS CLUBS
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Notes to Financial Statements (continued)

December 31, 2023

2. **Financial instrument risk management (continued)**

Liquidity risk

Liquidity risk is the risk that the Clubs will encounter difficulty in meeting obligations associated with financial liabilities. The Clubs is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Clubs has adequate liquid assets on hand to meet these obligations as they come due.

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 other price risk. The Clubs is not exposed to currency or other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Clubs is not exposed to significant interest rate risk.

Changes in risk

There have been no significant changes in the risk profile of the financial instruments of the Clubs from that of the prior year with the exception that the Clubs redeemed its investments in GICs in the current year, which reduced the Clubs' exposure to interest rate risk.

3. **Deferred revenues - Wondolowski Scholarship Fund**

In fiscal 2018, the Clubs received a donation in the form of a life insurance policy and was designated as the beneficiary and owner of the life insurance policy with a death benefit of \$185,000 to be used as scholarships to a member of the Clubs.

The policy was settled upon the passing of the insured on June 26, 2020. The death benefit of \$185,000 was recognized as deferred revenue, restricted for the purpose to provide an annual scholarship between \$10,000 and \$15,000 in the name of Charles and Lois Wondolowski over 20 years to a deserving member of the Clubs to attend post secondary education.

Details of the Wondolowski Scholarship Fund are as follows:

	2023	2022
	\$	\$
Balance - at beginning of year	165,000	175,000
Scholarship paid during the year	(10,000)	(10,000)
Balance - at end of year	155,000	165,000

TORONTO KIWANIS BOYS AND GIRLS CLUBS
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Notes to Financial Statements (continued)

December 31, 2023

4. **Property and equipment**

The details of property and equipment are as follows:

	2023		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
		\$	\$
Leasehold improvements	7,377,293	6,992,945	384,348
Equipment	151,395	137,622	13,773
Vehicle	108,261	79,796	28,465
	7,636,949	7,210,363	426,586
	2022		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
		\$	\$
Leasehold improvements	7,377,293	6,806,065	571,228
Equipment	151,395	133,032	18,363
Vehicle	74,772	74,772	-
	7,603,460	7,013,869	589,591

5. **Deferred revenues**

The details of deferred revenues are as follows:

	Balance at	Funds	Funds	Balance at
	December	received in	recognized	December
	31, 2022	2023	in revenue in	31, 2023
	\$	\$	2023	\$
			\$	
Boys and Girls Clubs of Canada	-	178,323	(178,323)	-
City of Toronto	-	478,986	(326,995)	151,991
All others	160,302	283,621	(324,626)	119,297
	160,302	940,930	(829,944)	271,288

TORONTO KIWANIS BOYS AND GIRLS CLUBS
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Notes to Financial Statements (continued)

December 31, 2023

6. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received and used for the purchase of equipment and the construction of 101 Spruce Street Redevelopment project and the leasehold improvements of 2 Landcaster Avenue, as well as the contributions received for other capital purchases, but which have not yet been spent. Changes in the deferred capital contributions are as follows:

	2023	2022
	\$	\$
Balance - at beginning of year	396,077	1,012,323
Capital contributions recognized as revenue during the year	(132,026)	(759,583)
Capital contributions received during the year		143,337
Balance - at end of year	264,051	396,077

7. Related party transactions

The Cabbagetown Youth Centre ("CYC") is a not-for-profit organization and a registered charity incorporated without share capital. The Clubs is related to CYC by virtue of common management and has the ability to exercise significant influence over CYC's financial and operating decisions through the Clubs' seating on the CYC's voting membership and board of directors.

In the normal course of operations, the Clubs advances funds to or receives funds from CYC. As at December 31, 2023, the Clubs has a balance of \$75,010 due from CYC (due to CYC \$5,447 - 2022), which is non-interest bearing and due on demand.

8. Government grants and other grants

The details of government and other grants are as follows:

	2023	2022
	\$	\$
Human Resources Development Canada, Summer Career Placements	-	140,018
City of Toronto		
General and Recreational Grants Program	74,916	122,925
Community Services	115,597	106,115
Children's Services	36,482	66,883
Youth Empowering Youth	100,000	110,990
Crisis Response		59,488
Ministry of Health Promotions, After School Program	647,304	603,800
Boys and Girls Club of Canada	231,957	214,410
Other miscellaneous grants	41,143	206,285
Public Health Agency of Canada	163,000	163,000
	1,410,399	1,793,914

TORONTO KIWANIS BOYS AND GIRLS CLUBS
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Notes to Financial Statements (continued)

December 31, 2023

9. Comparative figures

Certain prior year comparative figures in the statement of revenues and expenses have been reclassified to conform with the financial statements presentation adopted in the current year and there is no impact on the deficiency of revenues over expenses.

HILBORN

LISTENERS. THINKERS. DOERS.