

---

**EAST SCARBOROUGH BOYS & GIRLS  
CLUB**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

---

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## INDEX TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4 - 5
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 18



ACCOUNTANTS FOR ENTREPRENEURS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of East Scarborough Boys & Girls Club

### *Qualified Opinion*

We have audited the financial statements of East Scarborough Boys & Girls Club (the Club), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, operations 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 Club as at December 31, 2021, 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 (ASNPO).

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Club derives revenue from fundraising events and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Club and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenue over expenditures, cash flows from operations for the year ended December 31, 2021, current assets as at December 31, 2021 and net assets as at January 1 and December 31, 2021. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

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 Club in accordance with 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 audit opinion.

### *Other Matter*

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on August 19, 2021 for the reasons described in the *Basis for Qualified Opinion* section.

(continues)

**KRP** LLP  
Chartered Professional Accountants

2797 John Street, Markham, ON L3R 2Y8, Canada  
T 905.946.1300 | enquiries@krp.ca  
F 905.946.9797 | www.krp.ca



Member of  
Russell Bedford International  
a global network of independent  
professional services firms

*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 ASNPO, 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 Club'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 Club or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club's financial reporting process.

*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 these 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 Club'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 Club's ability 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 Club 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.

(continues)

Independent Auditor's Report to the Board of Directors of East Scarborough Boys & Girls Club  
(continued)

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.

---

**Markham, Ontario**  
**June 28, 2022**

*KRP LLP*

---

**Chartered Professional Accountants**  
**Licensed Public Accountants**

---

**EAST SCARBOROUGH BOYS & GIRLS CLUB**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

---

	2021	2020
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	<b>3,256,373</b>	2,584,105
Investments <i>(Note 3)</i>	<b>21,360</b>	120,597
Funding receivable <i>(Note 4)</i>	<b>328,706</b>	1,012,931
Accounts receivable <i>(Note 5)</i>	<b>48,234</b>	81,605
Prepaid and sundry	<b>85,704</b>	84,307
	<b>3,740,377</b>	3,883,545
PROPERTY AND EQUIPMENT <i>(Note 7)</i>	<b>4,520,511</b>	4,803,178
INVESTMENTS <i>(Note 3)</i>	<b>2,022,885</b>	163,044
	<b>10,283,773</b>	8,849,767

---

See accompanying notes.

**EAST SCARBOROUGH BOYS & GIRLS CLUB**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	2021 \$	2020 \$
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accruals	328,819	318,059
Deferred contributions (Note 8)	4,012,023	2,227,258
Funds held for outside programs (Note 9)	284,771	111,799
	<b>4,625,613</b>	2,657,116
MORTGAGE PAYABLE (Note 10)	2,000,000	2,650,000
DEFERRED PROPERTY AND EQUIPMENT CONTRIBUTIONS (Note 11)	937,440	1,110,983
DEFERRED BUILDING EXPANSION CONTRIBUTIONS (Note 12)	145,963	127,705
	<b>7,709,016</b>	6,545,804
<b>NET ASSETS</b>		
Invested in Property and Equipment Programs (Note 13)	1,583,071	1,042,196
Internally Restricted Contingency Reserve Fund (Note 14)	811,031	669,807
Endowment (Note 15)	179,392	179,392
Unrestricted	176,939	181,939
	<b>(175,676)</b>	230,629
	<b>2,574,757</b>	2,303,963
	<b>10,283,773</b>	8,849,767

COMMITMENTS (Note 17)

GUARANTEES AND INDEMNITIES (Note 18)

ON BEHALF OF THE BOARD

S. McLeod Director  
[Signature] Director

See accompanying notes.

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2021

	Invested in Property and Equipment \$	Programs \$	Internally Restricted Contingency Reserve Fund \$	Unrestricted \$	Endowment \$	2021 \$	2020 \$
<b>NET ASSETS - BEGINNING OF YEAR</b>	1,042,196	669,807	179,392	230,629	181,939	<b>2,303,963</b>	1,651,774
Excess of revenue over expenditures	-	-	-	275,794	-	<b>275,794</b>	655,415
Property and equipment contributions received	(50,687)	-	-	50,687	-	-	-
Amortization of deferred property and equipment contributions	224,230	-	-	(224,230)	-	-	-
Purchase of property and equipment	50,687	-	-	(50,687)	-	-	-
Amortization	(333,355)	-	-	333,355	-	-	-
Inter-fund transfers	-	141,224	-	(82,119)	(59,105)	-	-
Unrealized investment gain/(loss) on endowments	-	-	-	(59,105)	59,105	-	(2,226)
Donations to endowments	-	-	-	-	-	-	2,000
Scholarships paid out	-	-	-	-	(5,000)	<b>(5,000)</b>	(3,000)
Mortgage payable	650,000	-	-	(650,000)	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>1,583,071</b>	<b>811,031</b>	<b>179,392</b>	<b>(175,676)</b>	<b>176,939</b>	<b>2,574,757</b>	<b>2,303,963</b>

See accompanying notes.

---

**EAST SCARBOROUGH BOYS & GIRLS CLUB****STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 2021**

---

	2021	2020
	\$	\$
<b>REVENUE</b>		
Government grants		
City of Toronto grants	3,560,710	2,848,655
Provincial grants	415,897	402,351
Federal grants	140,915	162,522
City of Toronto childcare fees	1,465,722	720,528
Fees from users	664,705	558,772
Other income and grants		
Fundraising	103,873	103,032
Donations and other grants	191,208	182,234
Interest income	7,158	26,154
Miscellaneous	95,620	47,020
Other Agency fees	331,444	216,277
United Way grants	583,178	544,730
	<b>7,560,430</b>	<b>5,812,275</b>
<b>EXPENDITURES</b>		
Building occupancy	310,606	275,338
Food services	444,140	261,636
Fundraising activities	1,197	8,320
Miscellaneous	23,297	19,937
Office and program supplies	103,694	89,967
Professional fees	158,182	109,036
Promotion and publicity	22,415	15,139
Recreation and education	419,811	247,679
Recruitment and education	3,211	4,604
Repairs and maintenance	97,760	56,536
Salaries and benefits	5,289,012	3,713,742
Staff training	59,272	7,921
Transportation and communication	18,684	20,577
Amortization	333,355	326,428
	<b>7,284,636</b>	<b>5,156,860</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>	<b>275,794</b>	<b>655,415</b>

See accompanying notes.

**EAST SCARBOROUGH BOYS & GIRLS CLUB**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	275,794	655,415
Items not affecting cash:		
Amortization of property and equipment	333,355	326,428
Amortization of deferred contributions related to property and equipment	(224,231)	(217,304)
Amortization of deferred contributions related to building expenditures	(40,848)	-
	<b>344,070</b>	<b>764,539</b>
Changes in non-cash working capital:		
Funding receivable	684,225	(731,433)
Accounts receivable	33,371	211,492
Prepaid and sundry	(1,397)	(12,058)
Accounts payable and accruals	10,762	68,714
Deferred contributions	1,784,765	735,855
Funds held for outside programs	172,972	(30,183)
Scholarships paid	(5,000)	(1,000)
	<b>2,679,698</b>	<b>241,387</b>
Cash flow from operating activities	<b>3,023,768</b>	<b>1,005,926</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(50,688)	(4,733,625)
Building expansion	59,105	203,257
Purchase of investments	(1,760,604)	1,232,952
Contributions for property and equipment	50,687	506,761
Cash flow used by investing activities	<b>(1,701,500)</b>	<b>(2,790,655)</b>
<b>FINANCING ACTIVITY</b>		
Mortgages payable (repayment)	(650,000)	2,650,000
<b>INCREASE IN CASH FLOW</b>	<b>672,268</b>	<b>865,271</b>
CASH - BEGINNING OF YEAR	<b>2,584,105</b>	<b>1,718,834</b>
<b>CASH - END OF YEAR</b>	<b>3,256,373</b>	<b>2,584,105</b>

See accompanying notes.

---

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

---

### 1. NATURE OF OPERATIONS

The East Scarborough Boys & Girls Club (the "Club") is a registered charitable organization incorporated without share capital under the laws of Ontario and, as such, is exempt from income tax.

The Club is a voluntary organization providing a wide range of programs and services through professional staff, part-time program staff and volunteers. These services include social, recreational and educational programs from children to young adults from birth to 24 years of age.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### **Revenue recognition**

The Club follows the deferral method of accounting for contributions which are mainly comprised of government funding for various programs, cash donations and donations-in-kind. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions from governments, foundations and other funding agencies that are not for specific purposes are recorded as revenue when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fundraising activities are recognized in the period in which these events are performed or completed. Fundraising revenue received for a future period is recorded as deferred revenue in these financial statements.

Fees from users are recognized as revenue when the corresponding service has been performed.

Donations are recognized as revenue when received.

Investment income consists of interest, dividends and realized and unrealized gains and losses. The Club records investments at fair value. Interest income is recognized on the accrual basis of accounting and dividends are recognized as they are received.

#### **Net assets**

- a) Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount thereof net of liabilities and deferred capital contribution incurred to acquire the property and equipment.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, not of transfers, and are available for general purposes.

*(continues)*

---

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- d) Endowment net assets are funds used to provide assistance to students pursuing post secondary education.

#### **Property and equipment**

Property and equipment purchased are recorded at cost. Contributed property and equipment are recorded at fair value at the date of the contribution. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Buildings	25 years	straight-line method
Vehicles	5 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Leasehold improvements	5 years	straight-line method

#### **Donations-in-kind**

Contributions of materials are recognized when a fair value can be reasonably estimated and when the materials are used in the normal course of the Club's operations and would otherwise have been purchased. While the Club also benefits from volunteer time, the value of this volunteer time has not been reflected in these statements.

#### **Government assistance**

Government assistance received or receivable is recognized when there is reasonable assurance that the Club has complied, and will continue to comply, with all the necessary conditions to obtain the assistance.

Subsidies towards operating expenses are deferred and offset against the corresponding expense when the expenses are incurred.

Wage subsidies are recognized when received or receivable, if the collection is reasonably assured. Provincial wage enhancement is recorded as City of Toronto grant revenue. Other government assistance is offset against payroll expenses incurred.

#### **Measurement uncertainty**

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Such estimates include useful lives of property and equipment, the allowance for doubtful accounts, accruals, deferred revenue, allocation of expenditures, and valuation of donations-in-kind. Estimates are periodically reviewed and any adjustments necessary are reported in the excess (deficiency) of revenue over expenditures in the period in which they become known. Actual results could differ from these estimates.

*(continues)*

---

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

In March 2020, the World Health Organization declared the COVID-19 virus a global pandemic. The ongoing pandemic may adversely affect the Club's normal operations. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Club as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. Given the outcome and time-frame to a recovery from the current pandemic is highly unpredictable, it is not practicable to estimate and disclose its financial effect on future operations at this time.

#### **Non-monetary transactions**

Non-monetary transactions are those when there is an exchange of non-monetary assets or services for little or no monetary consideration. The Club accounts for the transactions at the more reliably measurable of the fair value of the asset or service given up and the fair value of the asset or service received. Any gains or losses on such transactions are recognized in the excess (deficiency) of revenue over expenditures. Non-monetary transactions that are not reciprocal in nature are not included in the accounting records.

#### **Financial instruments**

##### *Measurement*

The Club initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate, and subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, investments relating to guaranteed investment certificates, accounts receivable and funding receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals and mortgage payable.

Financial assets measured at fair value include investments in Canadian equities and mutual funds.

##### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of such. The amount of write-down is recognized in the excess (deficiency) of revenue over expenditures. A previously recognized impairment loss may be reversed to the extent of a recovery in value, directly or by adjusting the allowance account. The amount of reversal is recognized in net results.

#### **Impairment of long-lived assets**

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of impairment loss is determined as the excess of the carrying value of the asset over its fair value. There were no significant indications of impairment of the carrying values on the Club's long-lived assets as at December 31, 2021.

---

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

---

### 3. INVESTMENTS

Investments are classified by asset-mix category based on the intent of the investment strategies of the underlying portfolio.

The fair market value of investments are as follows:

	2021	2020
	\$	\$
Guaranteed investment certificate - measured at amortized cost	21,360	120,597
Canadian equities - measured at fair value	1,000,080	163,044
Mutual funds - measured at fair value	1,022,805	-
	<b>2,044,245</b>	283,641
Less: amounts reported as short-term investments	(21,360)	(120,597)
	<b>2,022,885</b>	163,044

---

The guaranteed investment certificate bears interest at 0.50% and matures on February 22, 2022.

### 4. FUNDING RECEIVABLE

Funding receivable comprises the following:

	2021	2020
	\$	\$
City of Toronto grants and Childcare fees	176,269	402,179
Government assistance	2,237	321,869
Ministry grants receivable	150,200	150,200
Federal grants receivable	-	138,683
	<b>328,706</b>	1,012,931

---

### 5. ACCOUNTS RECEIVABLE

Accounts receivable comprise the following:

	2021	2020
	\$	\$
HST recoverable	35,523	71,248
Other receivables	12,711	10,357
	<b>48,234</b>	81,605

---

---

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

---

### 6. GOVERNMENT ASSISTANCE

During the year, to help businesses during the COVID-19 pandemic, the government of Canada and government of Ontario announced a series of relief measures.

#### Ontario COVID-19 Worker Income Protection Benefit

The Ontario COVID-19 Worker Income Protection Benefit reimburses employers who provided employees with up to three days of paid infectious disease emergency leave due to reasons related to COVID-19. Employers are required to pay employees the wages they would have earned had they not taken the leave, up to \$200 a day for up to three days. As at December 31, 2021, the Club has \$2,237 in accounts receivable.

#### Canada Emergency Wage Subsidy

The Canada Emergency Wage Subsidy ("CEWS") is a subsidy for eligible employers to cover up to 85% of employee salaries and wages.

During the year, the Club received CEWS in the amount of \$Nil (2020 - \$732,640) and has included the amount as an offset to salaries and benefits in the statement of earnings. As at December 31, 2021, the Club has \$Nil (2020 - \$321,869) in accounts receivable of which \$Nil (2020 - \$18,952) relates to its trusteeship for outside programs.

### 7. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Land	1,095,000	-	1,095,000	1,095,000
Buildings	3,103,376	248,270	2,855,106	2,979,241
Furniture and fixtures	80,646	62,486	18,160	8,845
Leasehold improvements	1,127,297	575,052	552,245	720,092
Vehicles	72,436	72,436	-	-
	5,478,755	958,244	4,520,511	4,803,178

Included in leasehold improvements is \$16,474 not subject to amortization as the equipment is not yet available for use.

---

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

---

### 8. DEFERRED REVENUE

Deferred contributions received in the current year relating to expenditures of future periods. Changes in deferred contributions are as follows:

	2021	2020
	\$	\$
Restricted contributions		
Balance, beginning of year	2,227,258	1,491,403
Amounts received or receivable	6,750,269	3,909,021
Amounts recognized as revenue	(4,965,504)	(3,173,166)
Balance, end of year	4,012,023	2,227,258
Deferred contributions are allocated as follows:		
Foundations and other	1,982,566	1,303,296
City of Toronto	2,029,457	923,962
	4,012,023	2,227,258

---

### 9. FUNDS HELD FOR OUTSIDE PROGRAMS

At year end, the Club held funds on account for LEAPS, Tamil, IMPACT'n Communities, Laidlaw, and The Reading Partnership which are programs that are not managed by the Club.

### 10. MORTGAGE PAYABLE

The mortgage payable bears interest at 4% per annum, repayable in monthly interest payments only of \$6,667 (2020 - \$8,833). The principal balance is due in full on or before June 30, 2025. The mortgage is secured by a first charge on the real property located at 62 Orchard Park Drive, Toronto, Ontario. The carrying value of the property secured is summarized in Note 7.

During the year, the Club made a principal payment of \$650,000 towards the mortgage.

### 11. DEFERRED PROPERTY AND EQUIPMENT CONTRIBUTIONS

	2021	2020
	\$	\$
Balance, beginning of year	1,110,983	391,828
Transfer from deferred building expansion contributions (Note 12)	-	426,998
Amount received during the year	50,687	509,461
Amounts recognized as revenue	(224,230)	(217,304)
	937,440	1,110,983

---

---

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

---

### 12. DEFERRED BUILDING EXPANSION CONTRIBUTIONS

The building expansion fund is used to set aside funds specifically from externally restricted contributions for the addition to the building at 100 Galloway Road, Scarborough, Ontario occupied by the Club.

Expansion of this building, which is owned by the City of Toronto, commenced during the 2010 fiscal year and was completed in 2011. During 2012, the Club received notification from the City of Toronto that it had no further obligations to the City or to the federal and provincial governments. It is the intention of the Club to spend the surplus in the Fund as at December 31, 2021 on further additions and upgrades to the building and its facilities and will recognize corresponding amounts from the Fund as revenue at that time.

	2021	2020
	\$	\$
Balance, beginning of year	127,705	351,446
Contributions received	-	203,257
Transfer from Endowment (Note 15)	59,105	-
Transfer to Property and Equipment (Note 11)	-	(426,998)
Amounts recognized as revenue	(40,847)	-
Balance, end of year	145,963	127,705

### 13. PROGRAMS

Program net assets represent the net accumulated surplus of City of Toronto Children's Services Department funded programs. The net asset balances comprise the aggregate fees and grants received less expenses:

	2021	2020
	\$	\$
Eastside Childcare Centre	178,056	172,978
Eastside Club	165,611	165,213
East Scarborough Childcare Centre	219,816	142,990
Charlottetown	71,177	59,778
EarlyOn	95,167	57,621
West Rouge	41,810	39,530
St. Brendan CS Extended	27,259	26,566
William G. Davis	11,869	8,775
St. Ursula	2,056	(638)
Inclusion Services	(1,790)	(3,006)
	811,031	669,807

---

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

---

### 14. INTERNALLY RESTRICTED CONTINGENCY RESERVE

The main purpose of the contingency reserve fund is to set aside a portion of net proceeds from fundraising events to cover potential short-falls or losses from future events. During the year, the Board set aside \$Nil (2020 - \$Nil) for these purposes.

### 15. ENDOWMENT

In 2014, the Board of Directors created the Accelerating Change Educational (A.C.E) Scholarship Fund for the purpose of providing assistance to students who might be financially unable to obtain post secondary education, it also recognizes a student's performance and participation in their community.

The endowment consists of internal resources transferred by the Board of Directors in the exercise of its discretion who may have the right to subsequently decide to remove the designation. The investment income generated from the endowment must be used as needed for the Accelerating Change Educational (A.C.E.) Scholarship Fund. The Club ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they are provided.

	2021 \$	2020 \$
Balance, beginning of year	181,939	185,165
Donations	-	2,000
Scholarships paid out	(5,000)	(3,000)
Investment income, net of fees and expenses	59,105	(2,226)
Transfer to Building Expansion (Note 12)	(59,105)	-
	<b>176,939</b>	<b>181,939</b>

---

### 16. TORONTO CHILDREN'S SERVICES WAGE GRANTS

	General Operating Fund 2021 \$	Pay Equity \$	Provincial Wage Enhancement \$
Deferred from prior years	-	-	-
Received in this fiscal year	359,736	2,425	191,452
Wage grants expensed in this fiscal year according to Child Care and Early Years Act 2014	(359,736)	(2,425)	(129,515)
Wage subsidies returned to Children's Services this fiscal year	-	-	(61,937)
Wage subsidies deferred to future years	-	-	-
	-	-	-

---

---

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

---

### 17. COMMITMENTS

The building in which the club operates was erected on lands owned by the City of Toronto and ownership of the building was formally transferred to the City in 1981, for the consideration that maintenance and other occupancy costs be borne by the City.

The Club has a rental agreement with the City of Toronto for the use of the building at a nominal annual fee. The agreement continues on a year-to-year basis.

### 18. GUARANTEES AND INDEMNITIES

The Club has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amounts actually and reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Club has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of operations, the Club has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Club agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Club. The maximum amount of any potential liability cannot be reasonably estimated and will be expensed in the year paid.

### 19. FINANCIAL INSTRUMENTS

The Club is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Centre's risk exposure and concentration as of December 31, 2021.

#### **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 Club is exposed to credit risk on its cash and government funding and other receivable balances.

To manage its credit risk from cash balances the Club maintains its amounts with credit worthy financial institutions.

#### **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 Club is exposed to interest rate risk on its investments. In seeking to minimize the risks from interest rate fluctuations, the Club manages exposure through its normal operating and financing activities.

#### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Club has a comprehensive plan in place to meet its obligations as they become due, primarily from cash flow from government funding of various programs.

*(continues)*

---

# EAST SCARBOROUGH BOYS & GIRLS CLUB

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

---

### 19. FINANCIAL INSTRUMENTS *(continued)*

#### **Other price risk**

Other 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 financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Club is exposed to other price risk through its investments.

### 20. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.