
**EAST SCARBOROUGH BOYS & GIRLS
CLUB**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

EAST SCARBOROUGH BOYS & GIRLS CLUB
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FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2022, 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, 2022, and the results of its operations and 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 years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021 and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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.

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.

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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.

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Independent Auditor's Report to the Members 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 29, 2023

KRP LLP

Chartered Professional Accountants
Licensed Public Accountants

EAST SCARBOROUGH BOYS & GIRLS CLUB
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
	\$	\$
ASSETS		
CURRENT		
Cash	3,344,486	3,256,373
Investments <i>(Note 3)</i>	354,469	21,360
Funding receivable <i>(Note 4)</i>	273,847	328,706
Accounts receivable <i>(Note 5)</i>	76,934	48,234
Prepaid and sundry	112,161	85,704
	4,161,897	3,740,377
PROPERTY AND EQUIPMENT <i>(Note 6)</i>	4,987,552	4,520,511
INVESTMENTS <i>(Note 3)</i>	2,178,106	2,022,885
	11,327,555	10,283,773

See accompanying notes.


EAST SCARBOROUGH BOYS & GIRLS CLUB**STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2022**

	2022	2021
	\$	\$
LIABILITIES		
CURRENT		
Accounts payable and accruals	505,979	266,882
Funding repayable (Note 7)	1,459,249	61,937
Deferred contributions (Note 8)	3,390,841	4,012,023
Funds held for outside programs (Note 9)	168,756	284,771
	5,524,825	4,625,613
MORTGAGE PAYABLE (Note 10)	2,000,000	2,000,000
DEFERRED PROPERTY AND EQUIPMENT CONTRIBUTIONS (Note 11)	916,540	937,440
DEFERRED BUILDING EXPANSION CONTRIBUTIONS (Note 12)	140,912	145,963
	8,582,277	7,709,016
NET ASSETS		
Invested in Property and Equipment	2,071,010	1,583,071
Programs (Note 13)	888,321	811,031
Internally Restricted Contingency Reserve Fund (Note 14)	179,392	179,392
Endowment (Note 15)	67,328	176,939
Unrestricted	(460,773)	(175,676)
	2,745,278	2,574,757
	11,327,555	10,283,773

COMMITMENTS (Note 17)

GUARANTEES AND INDEMNITIES (Note 18)

ON BEHALF OF THE BOARD

Director

Director

See accompanying notes.

EAST SCARBOROUGH BOYS & GIRLS CLUB**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Invested in Property and Equipment \$	Programs \$	Internally Restricted Contingency Reserve Fund \$	Unrestricted \$	Endowment \$	2022 \$	2021 \$
NET ASSETS - BEGINNING OF YEAR	1,583,071	811,031	179,392	(175,676)	176,939	2,574,757	2,303,963
Excess of revenue over expenditures	-	-	-	280,132	-	280,132	275,794
Property and equipment contributions received	(227,965)	-	-	227,965	-	-	-
Amortization of deferred property and equipment contributions	248,865	-	-	(248,865)	-	-	-
Purchase of property and equipment	849,905	-	-	(849,905)	-	-	-
Amortization	(382,866)	-	-	382,866	-	-	-
Inter-fund transfers	-	77,290	-	(77,290)	-	-	-
Unrealized investment loss on endowments	-	-	-	-	(105,611)	(105,611)	-
Scholarships paid out	-	-	-	-	(4,000)	(4,000)	(5,000)
NET ASSETS - END OF YEAR	2,071,010	888,321	179,392	(460,773)	67,328	2,745,278	2,574,757

See accompanying notes.

EAST SCARBOROUGH BOYS & GIRLS CLUB**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
	\$	\$
REVENUE		
Government grants		
City of Toronto grants	3,034,143	3,560,710
Provincial grants	424,430	415,897
Federal grants	1,190,699	140,915
City of Toronto childcare fees	1,561,340	1,465,722
Other income and grants		
Fees from users	1,018,316	664,705
Fundraising	240,031	103,873
Donations and other grants	159,705	191,208
Interest income	31,602	7,158
Miscellaneous	35,672	25,317
Other agency fees	635,846	331,444
United Way grants	753,107	583,178
	9,084,891	7,490,127
EXPENDITURES		
Building occupancy	344,868	310,606
Food services	288,041	373,837
Fundraising activities	24,129	1,197
Miscellaneous	22,702	23,297
Office and program supplies	129,291	103,694
Professional fees	162,139	158,182
Promotion and publicity	25,181	22,415
Recreation and education	434,522	419,811
Recruitment and education	7,109	3,211
Repairs and maintenance	27,625	97,760
Salaries and benefits	6,765,955	5,289,012
Staff training	170,029	59,272
Transportation and communication	20,302	18,684
Amortization	382,866	333,355
	8,804,759	7,214,333
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	280,132	275,794

See accompanying notes.

EAST SCARBOROUGH BOYS & GIRLS CLUB**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures	280,132	275,794
Items not affecting cash:		
Amortization of property and equipment	382,866	333,355
Amortization of deferred contributions related to property and equipment	(248,865)	(224,230)
Amortization of deferred contributions related to building expenditures	-	(40,847)
	414,133	344,072
Changes in non-cash working capital:		
Funding receivable	54,859	684,225
Accounts receivable	(28,700)	33,371
Prepaid and sundry	(26,457)	(1,397)
Accounts payable and accruals	239,093	(51,177)
Funding repayable	1,397,312	61,937
Deferred contributions	(588,267)	1,784,765
Funds held in trust - The Reading Partnership	(116,015)	172,972
Scholarships paid	(4,000)	(5,000)
	927,825	2,679,696
Cash flow from operating activities	1,341,958	3,023,768
INVESTING ACTIVITIES		
Purchase of property and equipment	(849,905)	(50,688)
Gain (loss) on scholarship investments	(105,611)	59,105
Purchase of investments	(488,329)	(1,760,604)
Contributions for property and equipment	190,000	50,687
Cash flow used by investing activities	(1,253,845)	(1,701,500)
FINANCING ACTIVITY		
Mortgages payable (repayment)	-	(650,000)
INCREASE IN CASH	88,113	672,268
CASH - BEGINNING OF YEAR	3,256,373	2,584,105
CASH - END OF YEAR	3,344,486	3,256,373

See accompanying notes.

EAST SCARBOROUGH BOYS & GIRLS CLUB

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

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.

Unrestricted donations are recognized as revenue when received, restricted donations are recognized as revenue when related expenses are incurred.

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.

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EAST SCARBOROUGH BOYS & GIRLS CLUB

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

Net assets

- a) Net assets invested in property and equipment represents the Club'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 Club's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Club each year, not of transfers, and are available for general purposes.
- 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 and rent-free arrangements, the value of these arrangements have 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.

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, allocation of expenditures, and valuation of donations-in-kind. Estimates are periodically reviewed and any adjustments necessary are reported in the excess of revenue over expenditures in the period in which they become known. Actual results could differ from these estimates.

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EAST SCARBOROUGH BOYS & GIRLS CLUB

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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 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, funding repayable 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 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, 2022.

EAST SCARBOROUGH BOYS & GIRLS CLUB

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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:

	2022	2021
	\$	\$
Guaranteed investment certificates - measured at amortized cost	354,469	21,360
Canadian equities - measured at fair value	1,260,914	1,000,080
Mutual funds - measured at fair value	917,192	1,022,805
	2,532,575	2,044,245
Less: amounts reported as short-term investments	(354,469)	(21,360)
	2,178,106	2,022,885

The guaranteed investment certificates bear interest between 0.80% and 5.00%, and mature between February 2023 and November 2025.

4. FUNDING RECEIVABLE

Funding receivable comprises the following:

	2022	2021
	\$	\$
City of Toronto grants and childcare fees	119,437	176,269
Government assistance	4,210	2,237
Ministry grants receivable	150,200	150,200
	273,847	328,706

5. ACCOUNTS RECEIVABLE

Accounts receivable comprise the following:

	2022	2021
	\$	\$
HST recoverable	76,934	35,523
Other receivables	-	12,711
	76,934	48,234

EAST SCARBOROUGH BOYS & GIRLS CLUB

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Land	1,095,000	-	1,095,000	1,095,000
Buildings	3,828,233	401,399	3,426,834	2,855,106
Furniture and fixtures	99,271	73,142	26,129	18,160
Leasehold improvements	1,125,115	772,413	352,702	552,245
Vehicles	181,045	94,158	86,887	-
	6,328,664	1,341,112	4,987,552	4,520,511

7. FUNDING REPAYABLE

Funding repayable is comprised of the following provincial grants:

	2022 \$	2021 \$
Canada-Wide Early Learning and Child Care - 2022 *	517,428	-
Provincial Wage Enhancement - 2022	60,037	61,937
Safe Restart Program - LCC **	881,784	-
	1,459,249	61,937

* Canada-Wide Early Learning and Child Care (CWELCC) is a program that aims to make child care more accessible and affordable. In order to receive funding, eligible daycare operators are required to meet various requirements. The term of the agreement is for a five-year term commencing on April 1, 2022 and ending on December 31, 2026. The Club applied for the CWELCC to the extent it met the relevant requirements for the year ended December 31, 2022. During the year, \$119,500 was recognized as revenue from the program in the statement of operations as City of Toronto grants. The above represents amounts repayable relating to the 2022 funding year as funds were unused and new funds were applied for in the 2023 funding year.

** Safe Restart Program (SRF) is a program that was implemented to financially support various Toronto Children's Services due to increased costs resulting from the COVID-19 pandemic. The funding was originally earmarked for eligible expenses from October 3, 2020 through to December 31, 2021. However, an extension for use of funding was provided up to December 31, 2022. As a result, all unused funding as of December 31, 2022 is considered repayable. During the year, \$843,827 was recognized as revenue from the program in the statement of operations. Furthermore, \$32,914 of additional expenditures were capitalized and deferred under the program. Of the amount deferred, \$6,582 of income was recognized as part of the \$843,827 of recognized revenue during the year.

EAST SCARBOROUGH BOYS & GIRLS CLUB

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

8. DEFERRED CONTRIBUTIONS

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

	2022	2021
	\$	\$
Restricted contributions		
Balance, beginning of year	4,012,023	2,227,258
Amounts received or receivable	6,783,883	6,750,269
Amounts recognized as revenue	(6,005,852)	(4,965,504)
Amounts payable to City of Toronto (included in Note 7)	(1,399,213)	-
Balance, end of year	3,390,841	4,012,023
Deferred contributions are allocated as follows:		
Foundations and other	1,999,051	1,982,566
City of Toronto	1,391,790	2,029,457
	3,390,841	4,012,023

9. FUNDS HELD FOR OUTSIDE PROGRAMS

At year end, the Club held funds on account for LEAPS 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. 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 6.

11. DEFERRED PROPERTY AND EQUIPMENT CONTRIBUTIONS

	2022	2021
	\$	\$
Balance, beginning of year	937,440	1,110,983
Amount received or transferred in during the year	227,965	50,687
Amounts recognized as revenue	(248,865)	(224,230)
	916,540	937,440

EAST SCARBOROUGH BOYS & GIRLS CLUB

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 2022 on further additions and upgrades to the building and its facilities and will recognize corresponding amounts from the Fund as revenue at that time.

	2022	2021
	\$	\$
Balance, beginning of year	145,963	127,705
Contributions received	190,000	-
Transfer from Endowment (Note 15)	-	59,105
Transfer to deferred property and equipment	(195,051)	-
Amounts recognized as revenue	-	(40,847)
Balance, end of year	140,912	145,963

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:

	2022	2021
	\$	\$
Eastside Childcare Centre	180,391	178,056
Eastside Club	169,644	165,611
East Scarborough Childcare Centre	223,124	219,816
Charlottetown	76,943	71,177
EarlyOn	142,157	95,167
West Rouge	45,028	41,810
St. Brendan CS Extended	30,511	27,259
William G. Davis	15,806	11,869
St. Ursula	4,822	2,056
Inclusion Services	(1,686)	(1,790)
St. Malachy	1,581	-
	888,321	811,031

EAST SCARBOROUGH BOYS & GIRLS CLUB

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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 (2021 - \$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.

	2022 \$	2021 \$
Balance, beginning of year	176,939	181,939
Scholarships paid out	(4,000)	(5,000)
Investment income (loss), net of fees and expenses	(105,611)	59,105
Transfer to Building Expansion (Note 12)	-	(59,105)
	67,328	176,939

16. TORONTO CHILDREN'S SERVICES WAGE GRANTS

	General Operating Fund \$	Pay Equity \$	Provincial Wage Enhancement \$
Deferred from prior years	-	-	-
Received in this fiscal year	464,743	3,031	199,244
Wage grants expensed in this fiscal year according to Child Care and Early Years Act 2014	(371,795)	(2,425)	(139,207)
Wage subsidies returned to Children's Services this fiscal year (Note 7)	-	-	(60,037)
Wage subsidies deferred to future years	(92,948)	(606)	-
	-	-	-

EAST SCARBOROUGH BOYS & GIRLS CLUB

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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 Club's risk exposure and concentration as of December 31, 2022.

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, 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 and mortgage payable. In seeking to minimize the risks from interest rate fluctuations, the Club manages exposure through its normal operating and financing activities.

(continues)

EAST SCARBOROUGH BOYS & GIRLS CLUB

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

19. FINANCIAL INSTRUMENTS *(continued)*

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.

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.