
THE TORONTO CITY MISSION
FINANCIAL STATEMENTS
JUNE 30, 2020

INDEX

Page	1-2.	Independent Auditor's Report
	3.	Statement of Financial Position
	4.	Statement of Changes in Fund Balances
	5.	Statement of Operations – General Fund
	6.	Statement of Cash Flows
	7-13.	Notes to Financial Statements

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the accompanying financial statements of The Toronto City Mission which comprise the statement of financial position as at June 30, 2020 and the statement of operations - general fund, statement of changes in fund balances and statement of 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2020 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

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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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

- 1 -

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 entity'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 entity'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 entity 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.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

September 23, 2020

THE TORONTO CITY MISSION
STATEMENT OF FINANCIAL POSITION

As at June 30,

2020

2019

ASSETS

Current

Cash	\$ 164,518	\$ 55,040
Marketable securities (Note 2)	1,087,087	1,067,915
Accounts receivable (Note 3)	5,064	21,805
Prepaid expenses	6,539	9,111
	<u>\$ 1,263,208</u>	<u>\$ 1,153,871</u>

Restricted Cash

25,000 25,000

Capital Assets (Note 4)

1,351 2,251

\$ 1,289,559 \$ 1,181,122

LIABILITIES

Current

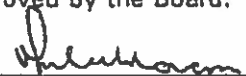
Accounts payable and accrued liabilities	\$ 7,651	\$ 33,643
Deferred revenue (Note 5)	85,167	30,408
	<u>\$ 92,818</u>	<u>\$ 64,051</u>

NET ASSETS

General Fund	\$ 1,171,741	\$ 1,092,071
Endowment Fund	25,000	25,000
	<u>\$ 1,196,741</u>	<u>\$ 1,117,071</u>
	<u>\$ 1,289,559</u>	<u>\$ 1,181,122</u>

Commitments (Note 9)

Approved by the Board:

 Director

 Director

See accompanying notes

THE TORONTO CITY MISSION
STATEMENT OF CHANGES IN FUND BALANCES

For the year ended June 30, 2020

	Balance - Beginning	Revenues	Expenses	Investment Income	Balance - Ending
Unrestricted Funds					
General	\$ 1,092,071	\$ 453,505	\$ 383,227	\$ 9,392	\$ 1,171,741
Externally Restricted Funds					
Endowment	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
TOTAL FUNDS	<u>\$ 1,117,071</u>	<u>\$ 453,505</u>	<u>\$ 383,227</u>	<u>\$ 9,392</u>	<u>\$ 1,196,741</u>
TOTAL FUNDS - PRIOR YEAR	<u>\$ 1,335,074</u>	<u>\$ 738,919</u>	<u>\$ 979,881</u>	<u>\$ 22,959</u>	<u>\$ 1,117,071</u>

See accompanying notes

- 4 -

THE TORONTO CITY MISSION
STATEMENT OF OPERATIONS – GENERAL FUND

For the year ended June 30,

2020

2019

REVENUES

Contributions	\$ 387,457	\$ 640,249
Government grants	36,244	43,138
Special events	18,978	13,504
Gifts in kind	10,374	4,811
Bequests	452	31,162
Cost recoveries	-	4,490
Camp fees	-	1,565
	<u>\$ 453,505</u>	<u>\$ 738,919</u>

EXPENSES (Note 7)

Community programs	\$ 216,110	\$ 692,636
Operations and administration	96,002	114,830
Resource development	71,115	172,415
	<u>\$ 383,227</u>	<u>\$ 979,881</u>

**EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES
BEFORE THE FOLLOWING:**

\$ 70,278 \$ (240,962)

Investment income (Note 6)

9,392 22,959

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES

\$ 79,670 \$ (218,003)

See accompanying notes

THE TORONTO CITY MISSION**STATEMENT OF CASH FLOWS**

For the year ended June 30,

2020**2019**

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):**OPERATING ACTIVITIES**

Excess (deficiency) of revenues over expenses	\$	79,670	\$	(218,003)
Items not affecting cash:				
Investment income		(9,392)		(22,959)
Gifts in kind		(10,374)		(4,811)
Amortization		900		450
	\$	60,804	\$	(245,323)
Net change in non-cash working capital balances (Note 8)		48,080		35,526
	\$	108,884	\$	(209,797)

INVESTING ACTIVITIES

Net change from sale of investments	\$	594	\$	218,619
Purchase of capital assets		-		(2,701)
	\$	594	\$	215,918

NET INCREASE IN CASH\$ **109,478** \$ 6,121**CASH – Beginning**80,040 73,919**CASH – Ending**\$ 189,518 \$ 80,040**SUPPLEMENTARY CASH FLOW INFORMATION**

Cash consists of the following:

Cash - unrestricted	\$	164,518	\$	55,040
Cash - restricted		25,000		25,000
	\$	189,518	\$	80,040

See accompanying notes

- 6 -

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

ORGANIZATION'S PURPOSE

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Fund Accounting

Resources are classified into funds accordingly to the activities or objectives specified as follows:

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

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

b) Use of Estimates

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

c) Foreign Currency Translation

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

d) Cash and Cash Equivalents

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

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) Capital Assets

Capital assets are recorded at cost. Amortization is provided over the estimated useful life of the assets. The Organization's capital assets consist of equipment which is amortized on a straight-line basis over three years.

f) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets for the year. Government grants are recognized in the period to which they relate when received. Gifts in kind are recognized in revenue when received and are recorded based on the fair value of the goods received on the date of contribution. Unrestricted bequests are recognized in the period when received by the Organization. Special events revenue and camp fees are recognized on completion of the event to which they relate.

g) Financial Instruments

Measurement of Financial Instruments

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

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

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

Impairment

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

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

h) Allocation of Expenses

The Organization reports expenses in the General Fund based on various operating functions as disclosed on the statement of operations and Note 7. Additionally, the Organization allocates certain common payroll expenses based on relative usage estimations by each function as follows:

	Community Programs	Resource Development	Operations and Administration
Executive Director	33%	33%	33%
Partner Relations	33%	33%	33%
Development Officer	0%	100%	0%
Accounting and administrative	33%	33%	33%
Outreach workers	100%	0%	0%

2. MARKETABLE SECURITIES

Marketable securities consist of the following:

	2020	2019
Government bonds, at cost	\$ 435,162	\$ 432,766
Foreign equities translated into Canadian dollars, at fair value	459,494	414,107
Canadian equities, at fair value	164,423	188,120
Investment savings account, at cost	<u>28,008</u>	<u>32,922</u>
	<u>\$ 1,087,087</u>	<u>\$ 1,067,915</u>

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2020	2019
HST refundable	\$ 5,064	\$ 21,441
Government grants receivable	<u>-</u>	<u>364</u>
	<u>\$ 5,064</u>	<u>\$ 21,805</u>

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2020</u>		<u>2019</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	<u>\$ 2,701</u>	<u>\$ 1,350</u>	<u>\$ 1,351</u>	<u>\$ 2,251</u>

5. DEFERRED REVENUE

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

	<u>2020</u>	<u>2019</u>
Balance - Beginning	\$ 30,408	\$ 28,892
Add: Contributions received related to the following year	62,999	30,408
Less: Amount recognized as revenue in the year	<u>(8,240)</u>	<u>(28,892)</u>
Balance - Ending	<u>\$ 85,167</u>	<u>\$ 30,408</u>

6. INVESTMENT INCOME

Investment income consists of the following:

	<u>2020</u>	<u>2019</u>
Realized gains (losses)	\$ (18,688)	\$ 11,772
Interest and dividends	19,141	16,741
Unrealized gain (loss) in fair value of investments	<u>14,506</u>	<u>769</u>
	<u>\$ 14,959</u>	<u>\$ 29,282</u>
Less: Investment management fees	<u>(5,567)</u>	<u>(6,323)</u>
	<u>\$ 9,392</u>	<u>\$ 22,959</u>

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

7. ALLOCATED EXPENSES

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

	Community Programs	Operations and Administration	Resource Development	Total
Staff				
Salaries	\$ 195,240	\$ 45,140	\$ 48,490	\$ 288,870
Benefits	101	-	-	101
	<u>\$ 195,341</u>	<u>\$ 45,140</u>	<u>\$ 48,490</u>	<u>\$ 288,971</u>
Administrative and Occupancy				
Occupancy costs	\$ -	\$ 19,200	\$ -	\$ 19,200
Office and general	-	15,871	-	15,871
Insurance	-	9,486	-	9,486
Professional fees	-	5,405	-	5,405
Amortization	-	900	-	900
	<u>\$ -</u>	<u>\$ 50,862</u>	<u>\$ -</u>	<u>\$ 50,862</u>
Fundraising	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,625</u>	<u>\$ 22,625</u>
Camp and Community Programs				
Kingston-Galloway	\$ 13,380	\$ -	\$ -	\$ 13,380
Flemingdon Park	4,152	-	-	4,152
General	2,739	-	-	2,739
St. James Town	479	-	-	479
Jane/Finch RMM	19	-	-	19
	<u>\$ 20,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,769</u>
Total	<u>\$ 216,110</u>	<u>\$ 96,002</u>	<u>\$ 71,115</u>	<u>\$ 383,227</u>

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

8. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

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

	2020	2019
Accounts receivable	\$ 16,741	\$ 7,072
Prepaid expenses	2,572	5,588
Accounts payable and accrued liabilities	(25,992)	21,350
Deferred revenue	<u>54,759</u>	<u>1,516</u>
	<u>\$ 48,080</u>	<u>\$ 35,526</u>

9. COMMITMENTS

The Organization has entered into a lease agreement for its premises located in Chinese Gospel Church, Scarborough, Ontario. The term of the lease is for five years, expiring on December 31, 2024. The annual rental commitment is \$19,200 per year.

The Organization has an agreement for a copier under which they are committed to pay \$1,632 per year until the contract expires in December 2020.

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

2021	\$ 20,016
2022	19,200
2022	19,200
2023	19,200
2024	<u>9,600</u>
	<u>\$ 87,216</u>

10. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at June 30, 2020:

a) Credit Risk

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

THE TORONTO CITY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

10. FINANCIAL INSTRUMENTS - Continued

b) Liquidity Risk

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

c) Market Risk

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

i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some marketable securities are exposed to foreign exchange fluctuations. As at June 30, 2020, marketable securities totaling \$459,494 (2019 – \$414,107) are denominated in US dollars and have been converted into equivalent Canadian dollars at the exchange rate in effect at the year end. The exposure to this risk changes as the transaction and balance amounts change and as the exchange rate fluctuates. The US exchange rate at June 30, 2020 was 1.34 (2019 - 1.32).

ii) Interest Rate Risk

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

iii) Price Risk

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