

Financial Statements of

**GREEK COMMUNITY  
OF TORONTO**

Year ended August 31, 2015



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Members of  
Greek Community of Toronto

We have audited the accompanying financial statements of Greek Community of Toronto, which comprise the statement of financial position as at August 31, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



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*Basis for Qualified Opinion*

In common with many charitable organizations, Greek Community of Toronto derives revenue from donations, event sales, tuition fees and programs, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Greek Community of Toronto. Therefore, we were not able to determine whether, as at and for the years ended August 31, 2015 and 2014, any adjustments might be necessary to donations, event sales, tuition fees and program revenue and excess (deficiency) of revenue over expenses reported in the statements of operations, deficiency of revenue over expenses reported in the statements of cash flows and current assets and net assets reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended August 31, 2014.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Greek Community of Toronto as at August 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Emphasis of Matter*

Without modifying our qualified opinion, we draw attention to note 1(a) to the financial statements, which indicates during the year ended August 31, 2015, Greek Community of Toronto had an excess of expenses over revenues and, as at August 31, 2015, had an excess of current liabilities over current assets. Also, as at August 31, 2015, Greek Community of Toronto did not meet the financial covenant specified in its bank borrowing agreement, resulting in the bank having the ability to immediately demand repayment of bank loan amounts outstanding. These conditions, along with other matters set forth in note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about Greek Community of Toronto's ability to continue as a going concern.

Chartered Professional Accountants, Licensed Public Accountants

December 1, 2015  
Toronto, Canada

# GREEK COMMUNITY OF TORONTO

## Statement of Financial Position

August 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 57,779	\$ –
Term deposit	3,011	3,011
Accounts receivable	22,394	28,365
Prepaid expenses and other assets	36,442	36,221
	<u>119,626</u>	<u>67,597</u>
Capital assets (note 3)	14,891,683	15,119,297
	<u>\$ 15,011,309</u>	<u>\$ 15,186,894</u>

## Liabilities and Net Assets

Current liabilities:		
Bank indebtedness	\$ –	\$ 23,958
Accounts payable and accrued liabilities (notes 4 and 8)	582,709	389,057
Bank loans (note 5)	5,470,422	5,758,160
Deferred revenue (note 2)	150,117	102,094
	<u>6,203,248</u>	<u>6,273,269</u>
Net assets	8,808,061	8,913,625
Going concern (note 1(a))		
Commitments and contingencies (note 7)		
Subsequent event (note 11)		
	<u>\$ 15,011,309</u>	<u>\$ 15,186,894</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# GREEK COMMUNITY OF TORONTO

## Statement of Operations

Year ended August 31, 2015, with comparative information for 2014

	General Operating Fund													2015	2014
	Associations Department	Cultural Department	Education Department	Fund raising Department	Social Services Department	St. Demetrios Department	St. John's Department	St. Irene's Department	Virgin Mary Department	Youth and Athletics Department	Memberships Department	Properties Department	Pronia Department	Total	Total
<b>Revenue:</b>															
Donations	\$ 400	\$ 4,076	\$ 141,802	\$ 168,315	\$ -	\$ 251,123	\$ 264,393	\$ 251,243	\$ 242,650	\$ -	\$ -	\$ -	\$ -	\$ 1,324,002	\$ 1,201,885
Grants (note 6)	-	-	-	687	-	-	-	-	-	-	-	-	-	687	5,555
Donations in kind	-	-	-	52,642	-	-	-	-	-	-	-	-	-	52,642	56,363
General income, tuition and service fees	-	-	342,106	-	17,761	70,425	56,916	9,080	49,612	-	171,955	-	-	717,855	798,609
Events	299,962	33,661	-	241,945	-	-	-	-	-	-	-	-	-	575,568	588,957
Programs and activities	-	20,825	-	-	-	-	-	-	-	-	-	-	105,637	126,462	31,200
Rental	-	-	-	-	-	-	-	-	-	19,348	-	88,284	-	107,632	119,024
Revenue raising	-	-	-	-	-	-	-	-	-	150	-	-	-	150	5,700
Other (note 8)	-	300	-	524	-	1,720	-	1,758	3,359	-	-	-	-	7,661	152,480
	300,362	58,862	483,908	464,113	17,761	323,268	321,309	262,081	295,621	19,498	171,955	88,284	105,637	2,912,659	2,959,773
<b>Expenses:</b>															
Salaries and benefits	9,395	23,679	334,962	25,053	41,613	127,491	71,561	77,579	111,058	-	12,527	3,757	-	838,675	987,616
Events	246,171	16,218	136	198,173	-	-	530	-	-	-	-	-	-	461,228	446,541
Program and activities	-	-	27	-	-	-	-	-	-	-	-	-	46,908	46,935	-
Donation	-	-	-	11,669	-	-	-	-	-	-	-	-	-	11,669	13,050
Services	-	-	-	2,692	1,500	12,389	15,900	2,600	11,685	-	-	-	-	46,766	47,813
Supplies	855	2,339	2,927	1,447	927	37,742	34,987	34,050	24,480	-	538	502	-	140,794	132,712
Other (note 8)	-	-	-	475	-	-	-	-	-	-	-	-	-	475	2,876
Office and general	19,283	14,381	26,130	52,353	40,573	44,669	45,474	23,600	37,373	12	25,710	12,752	-	342,310	505,119
Occupancy (note 9)	-	60,171	133,176	530	7,682	76,384	85,965	38,801	130,665	3,713	-	127,460	-	664,547	607,540
Amortization	-	42,903	44,832	239	6,586	56,884	53,650	35,928	122,504	1,676	-	99,622	-	464,824	484,585
	275,704	159,691	542,190	292,631	98,881	355,559	308,067	212,558	437,765	5,401	38,775	244,093	46,908	3,018,223	3,227,852
Excess (deficiency) of revenue over expenses	\$ 24,658	\$ (100,829)	\$ (58,282)	\$ 171,482	(81,120)	\$ (32,291)	\$ 13,242	\$ 49,523	\$ (142,144)	\$ 14,097	\$ 133,180	\$ (155,809)	\$ 58,729	\$ (105,564)	\$ (268,079)

See accompanying notes to financial statements.

# GREEK COMMUNITY OF TORONTO

## Statement of Changes in Net Assets

Year ended August 31, 2015, with comparative information for 2014

	2015	2014
Net assets, beginning of year	\$ 8,913,625	\$ 9,181,704
Deficiency of revenue over expenses	(105,564)	(268,079)
Net assets, end of year	\$ 8,808,061	\$ 8,913,625

See accompanying notes to financial statements.

# GREEK COMMUNITY OF TORONTO

## Statement of Cash Flows

Year ended August 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (105,564)	\$ (268,079)
Amortization of capital assets which does not involve cash	464,824	484,585
Change in non-cash operating working capital:		
Accounts receivable	5,971	6,957
Prepaid expenses and other assets	(221)	(1,741)
Accounts payable	193,652	(172,675)
Accounts payable write-off (note 8)	–	(144,380)
Deferred revenue	48,023	(23,492)
	<u>606,685</u>	<u>(118,825)</u>
Financing activities:		
Decrease in bank indebtedness	(23,958)	(21,214)
Increase in bank loans	–	5,900,000
Repayments of bank loans	(287,738)	(5,562,180)
	<u>(311,696)</u>	<u>316,606</u>
Investing activities:		
Purchase of capital assets	(237,210)	(197,781)
	<u>Increase in cash and cash equivalents,</u>	<u>being cash and cash equivalents, end of year</u>
	<u>\$ 57,779</u>	<u>\$ –</u>

See accompanying notes to financial statements.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements

Year ended August 31, 2015

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The Greek Community of Toronto (the "Organization") is a registered non-profit charitable organization incorporated in 1965 under Part III of the Corporations Act (Ontario). Its name was changed from The Greek Community of Metropolitan Toronto Inc. to the Greek Community of Toronto on October 8, 2004.

The Organization's objectives, among others, are: to preserve and diffuse the Greek language, to nurture and promote Greek civilization and traditions and to offer charitable assistance to those in need.

The Organization owns and operates four Greek orthodox churches, a cultural centre and a youth centre.

## 1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### (a) Going concern:

These financial statements have been prepared on a going concern basis in accordance with Canadian accounting standards for not for profit organizations. The going concern basis of presentation assumes that the Organization will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. During the year ended August 31, 2015, the Organization had an excess of expenses over revenues and, as at August 31, 2015, had an excess of current liabilities over current assets. Further, as at August 31, 2015, the Organization did not meet the financial covenant specified in its bank borrowing agreement (note 5), resulting in the bank having the ability to immediately demand repayment of bank loan amounts outstanding. These conditions have resulted in a material uncertainty that may cast significant doubt about the Organization's ability to continue as a going concern.

Subsequent to year-end, the Organization has sold certain non-core assets for net proceeds of \$888,895 and deposited the funds to the lender (note 11). Additionally, the Organization is planning further sales of certain non-core assets.

The ability of the Organization to continue as a going concern is dependent on the continued co-operation of the Organization's lenders and other creditors and the Organization's ability to sell non-core assets, generate future donations and control expenses. There is no certainty that these and other strategies will be sufficient to permit the Organization to continue as a going concern.



# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2015

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## 1. Significant accounting policies (continued):

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenue and expenses, and the statement of financial position classifications used.

### (b) Capital assets:

Capital assets are recorded at cost. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on the declining-balance basis at the following annual rates:

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Buildings	5%
Equipment	20%
Furniture	20%
Computer hardware	20%
Parking lot	5%
Software	33%

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Amortization of capital assets acquired during the year is recorded at one-half of the indicated rates.

### (c) Government assistance:

Government grants are recorded on the accrual basis. Grants received during the current and preceding years are subject to audit and possible adjustment by grantors with the contingency of claim for refund.

### (d) Revenue recognition:

The Organization follows the restricted fund method of accounting for contributions, being donations and government grants.

Unrestricted donations are recognized when received. Short-term pledges and government grants not relating to capital assets are recorded on the accrual basis when the amounts can be reasonably estimated and ultimate collection is reasonably assured.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2015

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## 1. Significant accounting policies (continued):

Externally restricted donations for specific purpose for which no corresponding restricted fund is presented are recorded as revenue in the year the related recognized expenses are incurred. Externally restricted donations for which a corresponding restricted fund is presented is recognized as revenue upon receipt.

Contributions restricted for the purchase of capital assets are recorded in deferred revenue and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Tuition fees are recorded at the beginning of the school year for registered students and amortized over the school term. Any unamortized balance at the year-end is shown on the statement of financial position as deferred revenue.

### (e) Contributed materials and services:

Contributed materials and services that are otherwise purchased are recorded at fair value being the amount to purchase similar materials and services.

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2015

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## 1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

## 2. Deferred revenue:

	2015	2014
Deferred tuition fees	\$ 6,010	\$ –
Deferred capital contributions	144,107	102,094
	<u>\$ 150,117</u>	<u>\$ 102,094</u>

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2015

## 3. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Virgin Mary Building:				
Land	\$ 1,504,750	\$ –	\$ 1,504,750	\$ 1,504,750
Building	6,789,106	3,185,558	3,603,548	3,726,093
Equipment	986,624	920,958	65,666	80,002
Thorncliffe Building:				
Land	1,924,728	–	1,924,728	1,924,728
Building	3,128,604	621,627	2,506,977	2,535,015
Parking lot	61,650	17,428	44,222	46,549
Computer hardware and software	168,130	73,531	94,599	71,195
Furniture	38,461	32,956	5,505	6,881
Equipment	20,844	18,731	2,113	1,464
Gough Avenue Building:				
Land	656,425	–	656,425	656,425
Building	791,648	165,940	625,708	658,640
Equipment	95,077	78,667	16,410	10,556
Alexander The Great Building:				
Land	772,426	–	772,426	772,426
Building	556,128	118,257	437,871	460,917
Equipment	19,686	18,798	888	1,110
Warden Avenue Building:				
Land	1,077,743	–	1,077,743	1,077,743
Building	1,112,257	236,515	875,742	921,834
Equipment	17,394	16,183	1,211	1,514
Sorauren and Galley Houses (note 11):				
Land	430,800	–	430,800	430,800
Building	304,177	59,826	244,351	230,655
	\$ 20,456,658	\$ 5,564,975	\$ 14,891,683	\$ 15,119,297

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$8,100 (2014 - nil), which include amounts accrued for payroll-related taxes.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2015

## 5. Bank loans:

In February 2014, the Organization entered into a new borrowing agreement (the "Borrowing Agreement"), consisting of a three-year and one-year non-revolving term loan for \$4,900,000 and \$1,000,000, respectively. In February 2015, the \$1,000,000 one-year non-revolving term loan was renewed for one year. The balances of these loans at the year-end are as follows:

	2015	2014
Non-revolving three-year term loan, repayable monthly at \$37,599 with interest fixed at 4.55% per annum	\$ 4,545,443	\$ 4,783,872
Non-revolving one-year term loan, repayable monthly at \$7,725 with interest variable at banker's prime rate plus 2.00%	924,979	974,288
	<u>\$ 5,470,422</u>	<u>\$ 5,758,160</u>

The following security cover is provided for the bank loans:

- (a) General security agreement over all present and future personal property with appropriate insurance coverage, loss if any, payable to the bank.
- (b) Collateral mortgage in the amount of \$6,000,000 providing an inter alia first charge over all of the assets of the Organization and with replacement cost fire insurance coverage, loss if any, payable to the bank.
- (c) In connection with the repayment of the one-year term loan at maturity, will provide a cash collateral agreement in the amount of \$1,000,000 from the proceeds received on the sale of the Sorauren and Galley Houses (note 11).

The Organization is required to comply with a financial covenant and certain non-financial covenants in accordance with the Borrowing Agreement. As at August 31, 2015, the Organization was not in compliance with the financial covenant of the Borrowing Agreement. All bank loans are presented as current liabilities in the statement of financial position since the bank has the right to demand loan payment at any time.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2015

## 6. Grants:

Grants are received from the following organizations:

	2015	2014
Human Resources and Skills Development Canada	\$ 687	\$ 5,555

## 7. Commitments and contingencies:

The future minimum annual payments under operating leases are:

2016	\$ 12,000
2017	11,300
2018	24,400
2019	18,000
	\$ 65,700

## 8. Other income and other expenses:

	2015	2014
Other income:		
Interest	\$ -	\$ 2
Miscellaneous	7,661	8,098
Accounts payable write-off	-	144,380
	\$ 7,661	\$ 152,480
Other expenses:		
Revenue raising expenses	\$ 475	\$ 2,876

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2015

## 9. Occupancy expenses:

Occupancy expenses consist of mortgage interest, rent expense and occupancy costs (utilities, repairs and maintenance). These expenses are broken down as follows:

	General Operating Fund														2015	2014
	Associations Department	Cultural Department	Education Department	Fund raising Department	Social Services Department	St. Demetrios Department	St. John's Department	St. Irene's Department	Virgin Mary Department	Youth and Athletics Department	Memberships Department	Properties Department	Pronia Department	Total	Total	
Mortgage	\$ -	\$ 16,971	\$ 21,878	\$ 278	\$ 2,807	\$ 22,257	\$ 32,754	\$ 20,234	\$ 72,842	\$ 1,948	\$ -	\$ 60,954	\$ -	\$ 252,923	\$ 243,798	
Rent	-	4,583	81,393	-	-	-	-	-	-	-	-	-	-	85,976	48,269	
Occupancy	-	38,617	29,905	252	4,875	54,127	53,211	18,567	57,823	1,765	-	66,506	-	325,648	315,473	
<b>Total</b>	<b>\$ -</b>	<b>\$ 60,171</b>	<b>\$ 133,176</b>	<b>\$ 530</b>	<b>\$ 7,682</b>	<b>\$ 76,384</b>	<b>\$ 85,965</b>	<b>\$ 38,801</b>	<b>\$ 130,665</b>	<b>\$ 3,713</b>	<b>\$ -</b>	<b>\$ 127,460</b>	<b>\$ -</b>	<b>\$ 664,547</b>	<b>\$ 607,540</b>	

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2015

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## **10. Financial risk and concentration of credit risk:**

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 mainly in respect of its bank loans. This risk is reduced because of the capital assets held.

## **11. Subsequent event:**

On September 14, 2015, the Galley House land and building with net book values at August 31, 2015 of \$172,800 and \$123,770, respectively, were sold for net proceeds of \$888,895, resulting in an approximate gain of \$592,000. The net proceeds were deposited in a guaranteed income certificate in accordance with the bank loans cash collateral agreement.