

Financial Statements of

**GREEK COMMUNITY  
OF TORONTO**

Year ended August 31, 2016



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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, 2016, 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, events, 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, 2016 and 2015, 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, excess (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, 2015.

*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, 2016, 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 that during the year ended August 31, 2016, Greek Community of Toronto had an excess of current liabilities over current assets. Also, as at August 31, 2016, 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

January 16, 2017  
Vaughan, Canada

# GREEK COMMUNITY OF TORONTO

## Statement of Financial Position

August 31, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 384,611	\$ 57,779
Term deposits	428,011	3,011
Accounts receivable	25,418	22,394
Prepaid expenses and other assets	36,534	36,442
	<u>874,574</u>	<u>119,626</u>
Capital assets (note 2)	13,803,390	14,835,169
Intangible assets (note 3)	163,464	56,514
	<u>\$ 14,841,428</u>	<u>\$ 15,011,309</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 576,184	\$ 582,709
Bank loans (note 5)	4,296,517	5,470,422
Deferred revenue (note 6)	173,053	150,117
	<u>5,045,754</u>	<u>6,203,248</u>
Net assets	9,795,674	8,808,061
Going concern (note 1(a))		
Commitments and contingencies (note 8)		
	<u>\$ 14,841,428</u>	<u>\$ 15,011,309</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, 2016, with comparative information for 2015

	General Operating Fund														2016	2015
	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	Funeral Services	Total	Total
<b>Revenue:</b>																
Donations	\$ -	\$ 8,193	\$ 5,112	\$ 108,839	\$ -	\$ 241,012	\$ 246,935	\$ 242,290	\$ 218,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,071,303	\$ 1,324,002
Grants (note 7)	-	-	-	8,478	-	-	-	-	-	-	-	-	-	-	8,478	687
Donations in kind	-	-	-	15,753	-	-	-	-	-	-	-	-	-	-	15,753	52,642
General income, tuition and service fees	-	-	357,854	-	14,605	72,305	27,430	5,420	16,889	-	109,610	-	-	9,520	613,633	717,855
Events	217,747	16,055	16,200	110,540	-	-	-	-	-	-	-	-	-	-	360,542	575,568
Programs and activities	-	29,760	-	-	-	-	-	-	-	-	-	-	-	-	181,828	126,462
Rental	-	-	-	-	-	-	-	-	-	-	-	95,617	-	-	95,617	107,632
Revenue raising	-	-	-	60	-	-	-	-	-	1,000	-	-	-	-	1,060	150
Other (note 9)	-	-	-	4,096	-	1,534	-	1,637	2,883	-	-	1,345	-	-	11,495	7,661
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	1,400,373	-	-	1,400,373	-
	217,747	54,008	379,166	247,766	14,605	314,851	274,365	249,347	238,694	1,000	109,610	1,497,335	152,068	9,520	3,760,082	2,912,659
<b>Expenses:</b>																
Salaries and benefits	14,789	62,709	350,361	39,438	29,578	85,816	83,812	98,166	129,614	-	19,719	5,916	-	-	919,918	838,675
Events	151,052	15,152	73	104,417	-	4,139	1,379	-	-	-	-	-	-	-	276,212	461,228
Program and activities	-	1,080	1,820	-	-	-	-	-	-	-	-	-	89,136	-	92,036	46,935
Donation	50	504	-	3,979	-	-	-	-	-	-	-	-	-	-	4,533	11,669
Services	-	-	-	-	-	6,710	18,150	-	12,200	-	-	-	-	5,211	42,271	46,766
Supplies	1,008	3,284	4,150	1,354	1,222	45,890	36,122	37,237	32,934	-	631	1,043	-	-	164,875	140,794
Other (note 9)	450	-	-	520	-	-	-	-	-	-	-	-	-	-	970	475
Office and general	4,248	26,383	41,010	68,263	51,187	60,516	42,782	13,642	31,160	50	34,074	10,839	-	-	384,154	342,310
Occupancy (note 10)	-	56,486	105,599	468	8,415	96,042	98,776	31,154	113,053	3,273	-	103,131	-	-	616,397	664,547
Amortization	-	41,455	42,920	228	6,341	54,972	51,192	34,587	115,986	1,585	-	85,301	-	-	434,567	464,824
	171,597	207,053	545,933	218,667	96,743	354,085	332,213	214,786	434,947	4,908	54,424	206,230	89,136	5,211	2,935,933	3,018,223
Excess (deficiency) of revenue over expenses	\$ 46,150	\$ (153,045)	\$ (166,767)	\$ 29,099	\$ (82,138)	\$ (39,234)	\$ (57,848)	\$ 34,561	\$ (196,253)	\$ (3,908)	\$ 55,186	\$ 1,291,105	\$ 62,932	\$ 4,309	\$ 824,149	\$ (105,564)

See accompanying notes to financial statements.

# GREEK COMMUNITY OF TORONTO

## Statement of Changes in Net Assets

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
Net assets, beginning of year	\$ 8,808,061	\$ 8,913,625
Excess (deficiency) of revenue over expenses	824,149	(105,564)
Contributed asset (note 3)	163,464	–
<b>Net assets, end of year</b>	<b>\$ 9,795,674</b>	<b>\$ 8,808,061</b>

See accompanying notes to financial statements.

# GREEK COMMUNITY OF TORONTO

## Statement of Cash Flows

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 824,149	\$ (105,564)
Amortization of capital assets which does not involve cash	434,567	464,824
Gain on sale of capital assets	(1,400,373)	–
Change in non-cash operating working capital:		
Accounts receivable	(3,024)	5,971
Prepaid expenses and other assets	(92)	(221)
Accounts payable and accrued liabilities	(6,525)	193,652
Deferred revenue	22,936	48,023
	(128,362)	606,685
Financing activities:		
Decrease in bank indebtedness	–	(23,958)
Repayments of bank loans	(1,173,905)	(287,738)
Proceeds from sale of capital assets	2,073,263	–
Restricted contributions for asset	163,464	–
	1,062,822	(311,696)
Investing activities:		
Increase in term deposits	(425,000)	–
Purchase of capital assets	(75,678)	(237,210)
Purchase of intangible assets	(106,950)	–
	(607,628)	(237,210)
Increase in cash and cash equivalents	326,832	57,779
Cash and cash equivalents, beginning of year	57,779	–
Cash and cash equivalents, end of year	\$ 384,611	\$ 57,779

See accompanying notes to financial statements.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements

Year ended August 31, 2016

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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. As at August 31, 2016, the Organization had an excess of current liabilities over current assets. Further, as at August 31, 2016, the Organization did not meet the financial covenant specified in its bank borrowing agreement (note 6), 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.

The ability of the Organization to continue as a going concern is dependent on the continued cooperation 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, 2016

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## 1. Significant accounting policies (continued):

The financial statements do not reflect adjustments that would be necessary if the going concern assumptions 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) Intangible assets:

Intangible assets consist of the Paideia curriculum which is not subject to amortization since the useful life is determined to be indefinite.

### (d) 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.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2016

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## 1. Significant accounting policies (continued):

### (e) 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.

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.

Contributions restricted for the purchase of capital and intangible assets with indefinite useful lives are recorded as a direct increase to net 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.

### (f) 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.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2016

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## 1. Significant accounting policies (continued):

### (g) 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.

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 year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (h) 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. Significant estimates include the carrying value of intangible assets. Actual results could differ from those estimates.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2016

## 2. Capital assets:

			2016	2015
	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	3,365,738	3,423,368	3,603,548
Equipment	986,624	934,091	52,533	65,666
Thorncliffe Building:				
Land	1,924,728	–	1,924,728	1,924,728
Building	3,189,963	748,243	2,441,720	2,506,977
Parking lot	61,650	19,639	42,011	44,222
Computer hardware and software	111,617	81,148	30,469	38,085
Furniture	38,461	34,057	4,404	5,505
Equipment	20,844	19,154	1,690	2,113
Gough Avenue Building:				
Land	656,425	–	656,425	656,425
Building	792,428	197,245	595,183	625,708
Equipment	95,077	81,949	13,128	16,410
Alexander The Great Building:				
Land	772,426	–	772,426	772,426
Building	556,128	140,151	415,977	437,871
Equipment	19,686	18,975	711	888
Warden Avenue Building:				
Land	1,077,743	–	1,077,743	1,077,743
Building	1,125,795	280,640	845,155	875,742
Equipment	17,394	16,425	969	1,211
Sorauren and Galley Houses:				
Land	–	–	–	430,800
Building	–	–	–	244,351
	\$ 19,740,845	\$ 5,937,455	\$ 13,803,390	\$ 14,835,169

## 3. Intangible assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Paideia curriculum	\$ 163,464	\$ –	\$ 163,464	\$ 56,514

During the year, the Organization received restricted contributions of \$163,464 (2015 - nil) for the Paideia curriculum, which was recorded as a direct increase in net assets, as the Paideia curriculum was determined to have an indefinite useful life.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2016

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#### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$16,463 (2015 - \$8,100), which include amounts accrued for payroll-related taxes.

#### 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:

	2016	2015
Non-revolving three-year term loan, repayable monthly at \$37,599 with interest fixed at 4.55% per annum	\$ 4,296,517	\$ 4,545,443
Non-revolving one-year term loan, repayable monthly at \$7,725 with interest variable at banker's prime rate plus 2.00%	–	924,979
	<u>\$ 4,296,517</u>	<u>\$ 5,470,422</u>

The following security cover is provided for the bank loans:

- General security agreement over all present and future personal property with appropriate insurance coverage, loss if any, payable to the bank.
- 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.
- During the year, the proceeds from the sale of the Sorauren and Galley Houses were used to repay the non-revolving one-year term loan at maturity in accordance with the cash collateral agreement.

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, 2016, 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, 2016

## 6. Deferred revenue:

	2016	2015
Deferred tuition fees	\$ –	\$ 6,010
Deferred capital contributions	138,053	144,107
Deferred other contributions	35,000	–
	<u>\$ 173,053</u>	<u>\$ 150,117</u>

## 7. Grants:

Grants are received from the following organizations:

	2016	2015
Human Resources and Skills Development Canada	\$ 8,478	\$ 687

## 8. Commitments and contingencies:

The future minimum annual payments under operating leases are as follows:

2017	\$ 11,320
2018	24,400
2019	18,030
	<u>\$ 53,750</u>

## 9. Other income and other expenses:

	2016	2015
Other income:		
Interest	\$ 745	\$ –
Miscellaneous	10,750	7,661
	<u>\$ 11,495</u>	<u>\$ 7,661</u>
Other expenses:		
Revenue-raising expenses	\$ 970	\$ 475

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2016

## 10. 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														2016	2015
	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	\$ -	\$ 14,232	\$ 18,347	\$ 233	\$ 2,354	\$ 18,665	\$ 27,467	\$ 16,968	\$ 61,086	\$ 1,633	\$ -	\$ 51,117	\$ -	\$ 212,102	\$ 252,923	
Rent	-	-	54,511	-	-	-	-	-	-	-	-	-	-	54,511	85,976	
Occupancy	-	42,254	32,741	235	6,061	77,377	71,309	14,186	51,967	1,640	-	52,014	-	349,784	325,648	
<b>Total</b>	<b>\$ -</b>	<b>\$ 56,486</b>	<b>\$ 105,599</b>	<b>\$ 468</b>	<b>\$ 8,415</b>	<b>\$ 96,042</b>	<b>\$ 98,776</b>	<b>\$ 31,154</b>	<b>\$ 113,053</b>	<b>\$ 3,273</b>	<b>\$ -</b>	<b>\$ 103,131</b>	<b>\$ -</b>	<b>\$ 616,397</b>	<b>\$ 664,547</b>	

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2016

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## **11. 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.

## **12. Comparative information:**

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.