

Financial Statements of

**GREEK COMMUNITY
OF TORONTO**

And Independent Auditors' Report thereon

Year ended August 31, 2019



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INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the financial statements of Greek Community of Toronto (the Entity), which comprise:

- the statement of financial position as at August 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2019, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity 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 the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at August 31, 2019 and August 31, 2018
- the donations, events, tuition fees and program revenue and excess (deficiency) of revenue over expenses reported in the statements of operations for the years ended August 31, 2019 and August 31, 2018



Page 2

- the net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended August 31, 2019 and August 31, 2018
- the deficiency of revenue over expenses reported in the statements of cash flows for the years ended August 31, 2019 and August 31, 2018.

Our opinion on the financial statements for the year ended August 31, 2018 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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 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 opinion.

Emphasis of Matter - Significant Judgements related to Going Concern

We draw attention to Note 1(a) to the financial statements which indicates that during the year ended August 31, 2019, Greek Community of Toronto had an excess of current liabilities over current assets. Also, as at August 31, 2019, 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.

Our opinion is not modified in respect of this matter.

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 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.

Auditors' 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 auditors' 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 the 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.



Page 4

- 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 auditors' 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 auditors' 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

February 19, 2020

GREEK COMMUNITY OF TORONTO

Statement of Financial Position

August 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 152,663	\$ 52,560
Term deposits	227,364	428,011
Accounts receivable	34,109	14,067
Prepaid expenses and other assets	39,071	39,336
	<u>453,207</u>	<u>533,974</u>
Capital assets (note 2)	12,910,116	13,209,772
Intangible assets (note 3)	364,029	364,029
	<u>\$ 13,727,352</u>	<u>\$ 14,107,775</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 850,261	\$ 845,926
Bank loans (note 5)	3,443,063	3,741,245
Deferred revenue (note 6)	187,523	202,427
	<u>4,480,847</u>	<u>4,789,598</u>
Net assets	9,246,505	9,318,177
Going concern (note 1(a))		
Commitments and contingencies (note 8)		
	<u>\$ 13,727,352</u>	<u>\$ 14,107,775</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, 2019, with comparative information for 2018

	General Operating Fund														2019	2018
	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
Revenue:																
Donations	\$ 4,450	\$ 1,000	\$ 70,325	\$ 120,627	\$ -	\$ 232,134	\$ 233,790	\$ 246,322	\$ 206,298	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ 1,115,746	\$ 1,076,534
Grants (note 7)	-	-	-	1,803	-	-	-	-	-	-	-	-	-	-	1,803	1,803
Donations in kind	-	-	-	16,718	-	-	-	-	150	-	-	-	110	-	16,978	238,927
General income, tuition and service fees	-	-	453,070	500	9,290	53,150	27,240	4,170	21,955	-	97,815	-	-	162,648	829,838	815,426
Events	225,943	17,220	-	197,250	-	-	-	-	-	-	-	-	-	-	440,413	400,441
Programs and activities	-	8,625	-	1,852	-	-	350	-	-	-	-	-	208,313	-	219,140	246,487
Rental	-	-	-	-	-	-	-	-	-	4,163	116,225	-	-	-	120,388	99,719
Revenue raising	-	-	-	-	-	-	-	-	-	1,000	-	-	-	-	1,000	1,050
Other (note 9)	-	-	220	4,773	-	1,305	-	1,342	3,752	-	-	-	-	-	11,392	31,323
	230,393	26,845	523,615	343,523	9,290	286,589	261,380	251,834	232,155	5,163	97,815	116,225	208,423	163,448	2,756,698	2,911,710
Expenses:																
Salaries and benefits	16,764	21,207	463,253	44,703	34,087	86,822	26,822	67,688	125,246	-	22,352	6,705	-	50,479	966,128	970,766
Events	135,469	10,809	1,875	148,668	-	-	-	-	150	-	-	-	-	-	296,971	325,774
Program and activities	-	3,600	-	150	-	-	-	-	-	-	-	-	111,185	-	114,935	142,914
Donation	-	-	300	1,300	-	-	-	-	-	-	-	-	-	-	1,600	2,990
Services	585	390	195	1,559	1,169	12,634	17,835	312	15,702	-	780	234	-	4,381	55,776	67,412
Supplies	353	1,095	12,932	636	802	29,746	32,856	28,687	29,787	-	318	603	-	-	137,815	172,439
Other (note 9)	-	-	-	3,426	-	-	-	-	-	-	-	-	-	-	3,426	6,238
Office and general	21,079	14,425	11,560	56,557	42,261	34,178	35,234	11,250	26,332	13	28,106	9,135	-	-	290,130	481,882
Occupancy (note 10)	-	47,702	120,832	306	8,620	108,359	95,460	28,222	93,045	2,139	-	79,278	-	-	583,963	777,019
Amortization	-	37,486	37,873	191	5,736	49,727	45,779	28,563	99,287	1,340	-	71,644	-	-	377,626	396,768
	174,250	136,714	648,820	257,496	92,675	321,466	253,986	164,722	389,549	3,492	51,556	167,599	111,185	54,860	2,828,370	3,344,202
Excess (deficiency) of revenue over expenses	\$ 56,143	\$ (109,869)	\$ (125,205)	\$ 86,027	\$ (83,385)	\$ (34,877)	\$ 7,394	\$ 87,112	\$ (157,394)	\$ 1,671	\$ 46,259	\$ (51,374)	\$ 97,238	\$ 108,588	\$ (71,672)	\$ (432,492)

See accompanying notes to financial statements.

GREEK COMMUNITY OF TORONTO

Statement of Changes in Net Assets

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Net assets, beginning of year	\$ 9,318,177	\$ 9,680,669
Deficiency of revenue over expenses	(71,672)	(432,492)
Contributed asset	–	70,000
Net assets, end of year	\$ 9,246,505	\$ 9,318,177

See accompanying notes to financial statements.

GREEK COMMUNITY OF TORONTO

Statement of Cash Flows

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (71,672)	\$ (432,492)
Amortization of capital assets which does not involve cash	377,626	396,768
Change in non-cash operating working capital:		
Accounts receivable	(20,042)	68,925
Prepaid expenses and other assets	265	8,395
Accounts payable and accrued liabilities	4,335	177,606
Deferred revenue	(14,904)	2,263
	<u>275,608</u>	<u>221,465</u>
Financing activities:		
Repayments of bank loans	(298,182)	(287,587)
Restricted contributions for asset	–	70,000
	<u>(298,182)</u>	<u>(217,587)</u>
Investing activities:		
Decrease in term deposits	200,647	–
Purchase of capital assets	(77,970)	(14,449)
Purchase of intangible assets	–	(130,200)
	<u>122,677</u>	<u>(144,649)</u>
Increase (decrease) in cash and cash equivalents	100,103	(140,771)
Cash and cash equivalents, beginning of year	52,560	193,331
Cash and cash equivalents, end of year	<u>\$ 152,663</u>	<u>\$ 52,560</u>

See accompanying notes to financial statements.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements

Year ended August 31, 2019

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, 2019, the Organization had an excess of current liabilities over current assets. Further, as at August 31, 2019, 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.

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, 2019

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 amount of 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:

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

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 recorded at cost, which is not subject to amortization since the useful life is determined to be indefinite. Intangible assets are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the asset's carrying amount to the estimated ability to provide services generated by the asset. When an intangible asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2019

1. Significant accounting policies (continued):

(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.

(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, 2019

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, 2019

2. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Virgin Mary Building:				
Land	\$ 1,504,750	\$ –	\$ 1,504,750	\$ 1,504,750
Building	6,861,557	3,861,081	3,000,476	3,141,003
Equipment	995,707	963,160	32,547	39,493
Thorncliffe Building:				
Land	1,924,728	–	1,924,728	1,924,728
Building	3,345,797	1,113,525	2,232,272	2,331,644
Parking lot	61,650	25,631	36,019	37,915
Computer hardware and software	111,617	96,017	15,600	19,500
Furniture	38,882	36,249	2,633	2,818
Equipment	30,344	20,929	9,415	1,082
Gough Avenue Building:				
Land	656,425	–	656,425	656,425
Building	793,428	282,158	511,270	537,152
Equipment	95,077	88,355	6,722	8,402
Alexander The Great Building:				
Land	772,426	–	772,426	772,426
Building	556,128	199,480	356,648	375,419
Equipment	19,686	19,322	364	455
Warden Avenue Building:				
Land	1,077,743	–	1,077,743	1,077,743
Building	1,169,963	403,109	766,854	777,172
Equipment	20,653	17,429	3,224	1,645
	\$ 20,036,561	\$ 7,126,445	\$ 12,910,116	\$ 13,209,772

3. Intangible assets:

Intangible assets include the Paideia curriculum, which was determined to have an indefinite useful life.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of nil (2018 - nil), which include amounts accrued for payroll-related taxes.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2019

5. Bank loans:

In February 2014, the Organization entered into a borrowing agreement (the "Borrowing Agreement"), consisting of a three-year non-revolving term loan for \$4,900,000. In February 2017, the Borrowing Agreement was renewed for four years to February 2021, at a balance of \$4,168,670 on a continued non-revolving basis. The balance of this loan at year end is as follows:

	2019	2018
Non-revolving four-year term loan, repayable monthly at \$35,786 (2018 - \$35,786) with interest fixed at 3.65% (2018 - 3.65%) per annum	\$ 3,443,063	\$ 3,741,245

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.
- Cash collateral in the amount of \$225,000 on term deposits and/or guaranteed investment certificates, payable to the bank

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, 2019, 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.

The required principal repayments in the future are as follows:

2020	\$ 429,431
2021	3,013,632
	<u>\$ 3,443,063</u>

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2019

6. Deferred revenue:

	2019	2018
Deferred capital contributions	\$ 149,098	\$ 157,587
Deferred other contributions	38,425	44,840
	<u>\$ 187,523</u>	<u>\$ 202,427</u>

7. Grants:

Grants are received from the following organizations:

	2019	2018
Human Resources and Skills Development Canada	\$ 1,803	\$ 1,803

8. Commitments and contingencies:

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

2020	\$ 40,420
2021	37,650
2022	29,320
2023	29,320
2024	12,280
Thereafter	1,940
	<u>\$ 150,930</u>

9. Other revenue and other expenses:

	2019	2018
Other revenue:		
Interest	\$ 2,125	\$ 2,125
Miscellaneous	9,267	29,198
	<u>\$ 11,392</u>	<u>\$ 31,323</u>
Other expenses:		
Revenue raising expenses	\$ 3,426	\$ 6,238

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2019

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														2019	2018
	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
Mortgage	\$ -	\$ 8,807	\$ 11,353	\$ 144	\$ 1,457	\$ 11,550	\$ 16,997	\$ 10,500	\$ 37,800	\$ 1,011	\$ -	\$ 31,631	\$ -	\$ -	\$ 131,250	\$ 141,845
Rent	-	-	78,478	-	-	-	-	-	-	-	-	-	-	-	78,478	83,059
Occupancy	-	38,895	31,001	162	7,163	96,809	78,463	17,722	55,245	1,128	-	47,647	-	-	374,235	552,115
Total	\$ -	\$ 47,702	\$ 120,832	\$ 306	\$ 8,620	\$ 108,359	\$ 95,460	\$ 28,222	\$ 93,045	\$ 2,139	\$ -	\$ 79,278	\$ -	\$ -	\$ 583,963	\$ 777,019

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2019

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.