

Financial Statements of

**GREEK COMMUNITY
OF TORONTO**

And Independent Auditors' Report thereon

Year ended August 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors 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, 2020
- 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, 2020, 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, 2020 and August 31, 2019
- 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, 2020 and August 31, 2019



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, 2020 and August 31, 2019
- the deficiency of revenue over expenses reported in the statements of cash flows for the years ended August 31, 2020 and August 31, 2019.

Our opinion on the financial statements for the year ended August 31, 2019 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 Judgments related to Going Concern

We draw attention to Note 1(a) to the financial statements which indicates that during the year ended August 31, 2020, the Entity had an excess of current liabilities over current assets. Also, as at August 31, 2020, the Entity 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. As stated in Note 1(a) in these financial statements, 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 the Entity'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

January 26, 2021

GREEK COMMUNITY OF TORONTO

Statement of Financial Position

August 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 224,650	\$ 152,663
Restricted term deposits	227,364	227,364
Accounts receivable	56,211	34,109
Prepaid expenses and other assets	52,315	39,071
	<u>560,540</u>	<u>453,207</u>
Capital assets (note 2)	12,589,032	12,910,116
Intangible assets (note 3)	364,029	364,029
	<u>\$ 13,513,601</u>	<u>\$ 13,727,352</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (notes 4 and 13)	\$ 972,444	\$ 850,261
Bank loans (note 5)	3,264,298	3,443,063
Deferred revenue (note 7)	201,175	187,523
	<u>4,437,917</u>	<u>4,480,847</u>
Line of credit (note 6)	30,000	–
Net assets	9,045,684	9,246,505
Going concern (note 1(a))		
Commitments (note 9)		
Contingencies (note 13)		
COVID-19 pandemic (note 14)		
Subsequent event (note 15)		
	<u>\$ 13,513,601</u>	<u>\$ 13,727,352</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, 2020, with comparative information for 2019

	General Operating Fund														2020	2019
	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	\$ -	\$ 2,306	\$ 24,400	\$ 87,490	\$ -	\$ 170,021	\$ 166,854	\$ 184,871	\$ 228,799	\$ -	\$ -	\$ -	\$ 2,920	\$ 700	\$ 868,361	\$ 1,115,746
Grants (note 8)	-	-	-	77,998	-	-	-	-	-	-	-	16,504	-	-	94,502	1,803
Donations in kind	-	-	-	23,811	-	-	-	-	-	-	-	-	-	-	23,811	16,978
General income, tuition and service fees	-	-	486,561	-	8,540	43,805	18,954	4,530	12,478	-	96,970	-	-	230,752	902,590	829,838
Events	5,410	1,500	-	165,793	-	-	-	-	-	-	-	-	-	-	172,703	440,413
Programs and activities	-	8,255	-	-	-	-	-	-	-	-	-	-	138,679	-	146,934	219,140
Rental	-	-	-	-	-	-	-	-	-	-	-	76,449	-	-	76,449	120,388
Other (note 10)	-	-	1,101	18,715	-	1,238	12,034	1,261	3,438	-	-	-	-	-	37,787	12,392
	5,410	12,061	512,062	373,807	8,540	215,064	197,842	190,662	244,715	-	96,970	92,953	141,599	231,452	2,323,137	2,756,698
Expenses:																
Salaries and benefits	11,666	32,763	355,797	31,109	23,332	63,665	18,665	67,420	72,221	-	15,555	4,666	-	50,507	747,366	966,128
Events	30,898	4,140	-	75,507	-	-	-	10	913	-	-	-	3,648	-	115,116	296,971
Programs and activities	-	250	-	-	-	-	-	-	-	-	-	-	56,147	-	56,397	114,935
Donation	-	-	-	37,500	-	-	-	-	-	-	-	-	-	-	37,500	1,600
Services	635	390	195	1,627	1,169	12,448	10,035	312	9,702	-	780	234	-	3,282	40,809	55,776
Supplies	318	863	30,117	1,101	723	17,770	16,995	19,097	17,483	-	424	695	-	-	105,586	137,815
Other (note 10)	-	-	-	5,994	-	-	-	-	5,135	-	-	-	-	-	11,129	3,426
Office and general	29,801	20,330	26,921	82,163	59,693	47,836	49,916	16,114	36,453	114	39,735	13,093	1,171	-	423,340	290,130
Occupancy (note 11)	-	39,297	109,388	323	7,145	71,016	86,349	33,733	158,403	2,264	-	110,726	5,890	-	624,534	583,963
Amortization	-	36,280	36,300	182	5,562	48,130	44,373	27,980	93,975	1,275	-	68,124	-	-	362,181	377,626
	73,318	134,313	558,718	235,506	97,624	260,865	226,333	164,666	394,285	3,653	56,494	197,538	66,856	53,789	2,523,958	2,828,370
Excess (deficiency) of revenue over expenses	\$ (67,908)	\$ (122,252)	\$ (46,656)	\$ 138,301	\$ (89,084)	\$ (45,801)	\$ (28,491)	\$ 25,996	\$ (149,570)	\$ (3,653)	\$ 40,476	\$ (104,585)	\$ 74,743	\$ 177,663	\$ (200,821)	\$ (71,672)

See accompanying notes to financial statements.

GREEK COMMUNITY OF TORONTO

Statement of Changes in Net Assets

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Net assets, beginning of year	\$ 9,246,505	\$ 9,318,177
Deficiency of revenue over expenses	(200,821)	(71,672)
Net assets, end of year	\$ 9,045,684	\$ 9,246,505

See accompanying notes to financial statements.

GREEK COMMUNITY OF TORONTO

Statement of Cash Flows

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (200,821)	\$ (71,672)
Amortization of capital assets which does not involve cash	362,181	377,626
Change in non-cash operating working capital:		
Accounts receivable	(22,102)	(20,042)
Prepaid expenses and other assets	(13,244)	265
Accounts payable and accrued liabilities	122,183	4,335
Deferred revenue	13,652	(14,904)
	261,849	275,608
Financing activities:		
Repayments of bank loans	(178,765)	(298,182)
Proceeds from line of credit	30,000	—
	(148,765)	(298,182)
Investing activities:		
Decrease in term deposits	—	200,647
Purchase of capital assets	(41,097)	(77,970)
	(41,097)	122,677
Increase in cash	71,987	100,103
Cash, beginning of year	152,663	52,560
Cash, end of year	\$ 224,650	\$ 152,663

See accompanying notes to financial statements.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements

Year ended August 31, 2020

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, 2020, the Organization had an excess of current liabilities over current assets. Further, as at August 31, 2020, 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. Additionally, COVID-19 was declared a pandemic during the year (note 14). The pandemic led to social distancing practices which has negatively affected the Organization's ability to operate services and fundraising activities. Accordingly, the Organization experienced a decline in donation and event revenues. The Organization has responded with reduction of workforce, services and other cost saving measures to reduce the outflow of cash. The Organization is also considering the sale of certain real estate assets to generate cash to repay debt and fund ongoing operations, however no formal agreement has been reached to date. These conditions have resulted in a material uncertainty that may cast significant doubt about the Organization's ability to continue as a going concern.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

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. The ongoing COVID-19 pandemic will also have an impact on the Organization's time-line and ability to return to normal operations. There is no certainty that these and other strategies will be sufficient to permit the Organization to continue as a going concern.

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.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

(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.

(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, including bequests, 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.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

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:

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

(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.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

(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.

2. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Virgin Mary Building:				
Land	\$ 1,504,750	\$ –	\$ 1,504,750	\$ 1,504,750
Building	6,865,237	4,011,197	2,854,040	3,000,476
Equipment	995,707	969,670	26,037	32,547
Thornccliffe Building:				
Land	1,924,728	–	1,924,728	1,924,728
Building	3,358,218	1,225,449	2,132,769	2,232,272
Parking lot	61,650	27,432	34,218	36,019
Computer hardware and software	114,053	99,381	14,672	15,600
Furniture	47,713	37,658	10,055	2,633
Equipment	32,806	23,058	9,748	9,415
Gough Avenue Building:				
Land	656,425	–	656,425	656,425
Building	793,428	307,722	485,706	511,270
Equipment	105,805	90,773	15,032	6,722
Alexander The Great Building:				
Land	772,426	–	772,426	772,426
Building	556,128	217,312	338,816	356,648
Equipment	19,686	19,395	291	364
Warden Avenue Building:				
Land	1,077,743	–	1,077,743	1,077,743
Building	1,169,963	441,451	728,512	766,854
Equipment	21,191	18,127	3,064	3,224
	\$ 20,077,657	\$ 7,488,625	\$ 12,589,032	\$ 12,910,116

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2020

3. Intangible assets:

Intangible assets include the Paideia curriculum, which is 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 (2019 - nil), which include amounts accrued for payroll-related taxes.

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:

	2020	2019
Non-revolving four-year term loan, repayable monthly at \$35,786 with interest fixed at 3.65% per annum	\$ 3,264,298	\$ 3,443,063

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

During the year, the Organization utilized a six month deferral of principal repayment offered by the bank. The deferral expired and terms of the borrowing agreement was reinstated on August 19, 2020.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2020

5. Bank loans (continued):

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, 2020, 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:

2021	\$ 3,264,298
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6. Line of credit:

During the year, the Organization obtained a line of credit through a commercial bank under the Canada Emergency Business Account program provided by the Government of Canada. Under the borrowing agreement, the Organization is permitted to draw up to \$40,000 before December 31, 2020. On January 1, 2021, the line of credit converts to a term loan with maturity date of December 31, 2025. The line of credit and term loan bear interest at 5% per annum. As at August 31, 2020, the Organization borrowed \$30,000 under this agreement.

7. Deferred revenue:

	2020	2019
Deferred capital contributions	\$ 201,175	\$ 149,098
Deferred other contributions	–	38,425
	<hr/> \$ 201,175	<hr/> \$ 187,523

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2020

8. Grants:

Grants are received from the following organizations:

	2020	2019
Canadian emergency wage subsidy	\$ 70,024	\$ –
Human Resources and Skills Development Canada	7,973	1,803
Other	16,505	–
	<u>\$ 94,502</u>	<u>\$ 1,803</u>

9. Commitments:

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

2021	\$ 37,650
2022	29,320
2023	29,320
2024	12,280
2025	1,940
	<u>\$ 110,510</u>

10. Other revenue and other expenses:

	2020	2019
Other revenue:		
Interest	\$ 2,250	\$ 2,125
Miscellaneous	35,537	10,267
	<u>\$ 37,787</u>	<u>\$ 12,392</u>
Other expenses:		
Revenue raising expenses	\$ 11,129	\$ 3,426

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2020

11. 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														2020	2019
	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
Property taxes	\$ -	\$ -	\$ 11,600	\$ -	\$ -	\$ -	\$ -	\$ 69,600	\$ -	\$ -	\$ -	\$ 34,800	\$ -	\$ -	\$ 116,000	\$ -
Mortgage interest	-	8,165	10,525	133	1,350	10,708	15,758	9,734	35,044	936	-	29,325	-	-	121,678	131,250
Rent	-	-	60,605	-	-	-	-	-	-	-	-	-	-	-	60,605	78,478
Utilities and maintenance	-	31,132	26,658	190	5,795	60,308	70,591	23,999	53,759	1,328	-	46,601	5,890	-	326,251	374,235
Total	\$ -	\$ 39,297	\$ 109,388	\$ 323	\$ 7,145	\$ 71,016	\$ 86,349	\$ 33,733	\$ 158,403	\$ 2,264	\$ -	\$ 110,726	\$ 5,890	\$ -	\$ 624,534	\$ 583,963

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2020

12. 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, accounts payable and accrued liabilities. This risk is reduced because of the capital assets held.

13. Contingencies:

The Organization is involved in litigation with certain individuals related to wage and benefit compensations. The Organization has filed counterclaims and entered into settlement negotiation with the parties involved. As at August 31, 2020, the litigation is ongoing and the Organization has accrued liabilities of \$506,250 (2019 - \$416,250) related to this litigation, which is the estimated contingent loss.

14. COVID-19 pandemic:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. This has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption in Canada to its operations. The Organization was forced to close all four churches from the end of March up until June. Since June, the churches began operating at 30% of full capacity. This has resulted in reduced donation revenue during the fiscal year. Furthermore, various annual events and festivals were canceled resulting in reduced event income. The time line to returning to full capacity is not yet determinable due to the ongoing COVID-19 pandemic.

On November 23, 2020, the City of Toronto announced lockdown measures in response to the ongoing pandemic. The new measures restrict religious services, weddings, funeral and social gatherings to a limit of 10 people. As a result of the new measures, social gathering and services at the Organization ceased. The Organization plans to resume these services after the lockdown measures are lifted by the government authorities.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended August 31, 2014

15. Subsequent event:

In September 2020, the Organization was notified as the beneficiary in an estate. The Organization received a donation of \$250,000 from this estate in October 2020.