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GREEK COMMUNITY OF TORONTO

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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FINANCIAL STATEMENTS

DECEMBER 31, 2009

TABLE OF CONTENTS

Schwartz Levitsky Feldman llp
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL

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AUDITORS' REPORT

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

We have audited the statement of financial position of the Greek Community of Toronto as at December 31, 2009 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of Greek Community of Toronto's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraphs, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Historical records of Greek Community of Toronto prior to July 1, 1975 relating to the cost of certain land, buildings and equipment were not available for examination by ourselves or previous auditors. The cost of land, buildings and equipment not verified is $2,075,144.

In common with many charitable organizations, Greek Community of Toronto derives revenue from contributions, donations and fund raising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Greek Community of Toronto and we were not able to determine whether any adjustments might be necessary to contribution and donation revenues, excess of revenue over expenses, and assets and surplus.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to examine cost records prior to July 1, 1975 and had we been able to satisfy ourselves concerning the completeness of the contributions and donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Greek Community of Toronto as at December 31, 2009, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Schwartz Levitsky Feldman llp

Toronto, Ontario
April 14, 2010

Chartered Accountants
Licensed Public Accountants

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GREEK COMMUNITY OF TORONTO

Statement of Financial Position
As at December 31, 2009

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	General Fund	Restricted Fund	2009	2008
	$	$	$	$
CURRENT ASSETS				
Cash	83,392	28,355	111,747	44,476
Term deposit (note 3)	-	191,689	191,689	185,745
Accounts receivable (note 4)	171,852	-	171,852	66,517
Prepaid expenses and other assets	33,681	-	33,681	9,334
	288,925	220,044	508,969	306,072
PROPERTY AND EQUIPMENT (note 6)	9,140,363	12,174,494	21,314,857	20,448,177
	9,429,288	12,394,538	21,823,826	20,754,249
CURRENT LIABILITIES				
Bank indebtedness (note 7)	1,345,105	-	1,345,105	1,263,516
Accounts payable	655,999	337,748	993,747	1,351,065
Bank loans (note 8)	2,343,541	6,086,388	8,429,929	7,242,509
Deferred revenue (Note 5)	236,321	-	236,321	170,317
	4,580,966	6,424,136	11,005,102	10,027,407
INTERFUND BALANCES (note 9)	(3,311,737)	3,311,737	-	-
LONG-TERM DEBT (note 8)	-	-	-	-
	1,269,229	9,735,873	11,005,102	10,027,407
NET ASSETS				
Invested in property and equipment	9,140,363	2,438,621	11,578,984	12,219,047
Operating deficit	(980,304)	-	(980,304)	(1,700,800)
New Hellenic Centre Fund surplus	-	220,044	220,044	208,595
	8,160,059	2,658,665	10,818,724	10,726,842
	9,429,288	12,394,538	21,823,826	20,754,249

CAPITAL RISK MANAGEMENT DISCLOSURES (note 16)
COMMITMENTS (note 12)
CONTINGENCIES (note 13)

The accompanying notes are an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD

____________________ Director

____________________ Director

GREEK COMMUNITY OF TORONTO

Statement of Changes in Net Assets
For the year ended December 31, 2009

	General Operating Fund									Restricted Fund	Total	Total
	Hellenic Cultural Centre, School & Social Services	St. Demetrios	Annunciation	St. Irene	St. John's	Alexander The Great	Greek Associations	Fund Raising	Total	New Hellenic Centre	2009	2008
	$	$	$	$	$	$	$	$	$	$		
INVESTED IN PROPERTY AND EQUIPMENT, BEGINNING OF YEAR	1,894,847	174,909	5,928,813	199,369	499,434	673,424	-	940	9,371,736	2,847,311	12,219,047	13,125,164
Interfund transfer (note 15)	-	-	-	-	-	-	-	-	-	(1,506,731)	(1,506,731)	(2,786,950)
Changes during the year [note 2 (c)]	(38,909)	65,112	(203,323)	(30,824)	(11,367)	(11,874)	-	(188)	(231,373)	1,098,041	866,668	1,880,833
INVESTED IN PROPERTY AND EQUIPMENT, END OF YEAR	1,855,938	240,021	5,725,490	168,545	488,067	661,550	-	752	9,140,363	2,438,621	11,578,984	12,219,047
FUND SURPLUS (DEFICIT), BEGINNING OF YEAR	(8,286,866)	2,899,736	138,487	167,610	2,614,022	(1,065,533)	564,014	1,267,730	(1,700,800)	208,595	(1,492,205)	(2,248,435)
Interfund transfer (note 15)	141,415	22,085	465,393	81,334	77,267	98,894	-	-	886,388	620,343	1,506,731	2,786,950
Changes during the year [note 2 (c)]	38,909	(65,112)	203,323	30,824	11,367	11,874	-	188	231,373	(1,098,041)	(866,668)	(1,880,833)
Excess of revenue over expenses (expenses over revenue)	(247,456)	25,079	(276,437)	(65,303)	72,902	(66,596)	23,763	136,783	(397,265)	489,147	91,882	(149,887)
FUND SURPLUS (DEFICIT), END OF YEAR	(8,353,998)	2,881,788	530,766	214,465	2,775,558	(1,021,361)	587,777	1,404,701	(980,304)	220,044	(760,260)	(1,492,205)

The accompanying notes are an integral part of these financial statements.

GREEK COMMUNITY OF TORONTO

Statement of Operations

For the year ended December 31, 2009

	General Operating Fund													Restricted Fund	Total	Total
	Hellenic Cultural Department	School	Social Services	Sub Total	St. Demetrios	Annunciation	St. Irene	St. John's	Alexander The Great	Greek Associations	Fund Raising	Head Office	Total	New Hellenic Centre	2009	2008
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Revenue																
General (note 10)	2,300	274,064	315,868	592,232	264,422	265,326	156,156	251,357	-	-	-	385,186	1,914,679	552,552	2,467,231	2,842,034
Sacraments	-	-	-	-	54,439	41,745	8,556	51,411	-	-	-	-	156,151	-	156,151	151,242
Sundry	158,363	46,918	63,249	268,530	10,270	58,108	44,101	97,360	65,176	159,881	445,113	98,311	1,246,850	67,601	1,314,451	814,024
	160,663	320,982	379,117	860,762	329,131	365,179	208,813	400,128	65,176	159,881	445,113	483,497	3,317,680	620,153	3,937,833	3,807,300
Expenses																
Salaries	90,028	289,224	316,343	695,595	135,311	151,872	109,882	82,879	49,479	-	42,929	184,035	1,451,982	-	1,451,982	1,247,793
Occupancy and maintenance	81,557	45,853	8,586	135,996	48,418	75,888	17,999	46,935	43,940	-	-	13,585	382,761	-	382,761	385,010
General and administrative	48,162	45,929	27,177	121,268	69,212	67,898	74,781	130,492	17,430	113,920	203,414	760,510	1,558,925	44,906	1,603,831	1,887,147
	219,747	381,006	352,106	952,859	252,941	295,658	202,662	260,306	110,849	113,920	246,343	958,130	3,393,668	44,906	3,438,574	3,519,950
Excess of revenue over expenses (expenses over revenue) before the undernoted items	(59,084)	(60,024)	27,011	(92,097)	76,190	69,521	6,151	139,822	(45,673)	45,961	198,770	(474,633)	(75,988)	575,247	499,259	287,350
Head Office Overhead allocation	(22,306)	(44,564)	(52,636)	(119,506)	(45,696)	(50,701)	(28,991)	(55,553)	(9,049)	(22,198)	(61,799)	479,593	86,100	(86,100)	-	-
Amortization	(33,184)	-	(2,669)	(35,853)	(5,415)	(295,257)	(42,463)	(11,367)	(11,874)	-	(188)	(4,960)	(407,377)	-	(407,377)	(437,237)
2009	(114,574)	(104,588)	(28,294)	(247,456)	25,079	(276,437)	(65,303)	72,902	(66,596)	23,763	136,783	-	(397,265)	489,147	91,882	
2008	(152,206)	(108,919)	(21,107)	(282,232)	(7,183)	(396,510)	(91,785)	205,162	(45,920)	5,902	25,041	-	(587,525)	437,638		(149,887)

The accompanying notes are an integral part of these financial statements.

GREEK COMMUNITY OF TORONTO
Statement of Cash Flows
For the year ended December 31, 2009

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	Operating Fund	Restricted Fund	2009	2008
	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from education programs	300,072	-	300,072	274,859
Cash received from sacraments	156,151	-	156,151	151,242
Cash received from grants	305,103	307,017	612,120	455,027
Cash received from donations	937,261	245,535	1,182,796	1,456,544
Cash received from general revenue	319,847	-	319,847	513,408
Cash received from sundry revenue	1,259,915	67,601	1,327,516	824,424
Cash paid for salaries	(1,451,982)	-	(1,451,982)	(1,247,793)
Cash paid for occupancy and maintenance	(382,761)	-	(382,761)	(385,010)
Cash paid for general and administrative	(1,940,602)	(44,906)	(1,985,508)	(1,525,585)
	(496,996)	575,247	78,251	517,116
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in term deposit	(5,944)	-	(5,944)	(7,999)
Construction costs and capitalized interest - New Hellenic Centre	-	(1,098,041)	(1,098,041)	(2,293,208)
Purchase of other property and equipment	(176,004)	-	(176,004)	(24,862)
	(181,948)	(1,098,041)	(1,279,989)	(2,326,069)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bank loans	-	1,284,642	1,284,642	1,599,967
Payment of bank loans	(97,222)	-	(97,222)	-
Interfund loan	756,343	(756,343)	-	-
Increase in bank indebtedness	81,589	-	81,589	54,013
	740,710	528,299	1,269,009	1,653,980
NET INCREASE(DECREASE) IN CASH	61,766	5,505	67,271	(154,973)
Cash, beginning of year	21,626	22,850	44,476	199,449
CASH , END OF YEAR	83,392	28,355	111,747	44,476

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

The Organization

The Greek Community of Toronto (the "Organization") is a registered non-profit charitable organization incorporated in 1965 under Part III of The Corporations Act of 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, a Youth Centre, and a Social Services Centre.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its financial obligations as they fall due.

In common with many charitable organizations, the organization derives revenue from grants, contributions, donations and fund raising. The organization's ability to meet its financial requirements for day to day operations and maturing financial obligations to suppliers and creditors are dependent on these collections.

The organization has experienced cash flow issues during the year and has been experiencing difficulty in keeping its payments to suppliers current on a regular basis. As at December 31, 2009, working capital was in a negative position as its current assets were not sufficient to pay off suppliers and maturing loans.

The organization plans to manage its liquidity risk by stepping up its efforts to raise more revenues than usual by instituting, among others, the following measures: increase of fundraising activities, specifically with the Legacy Campaign Committee, increase revenue generating community events; increase fees and conduct more intense membership drives. Management and the newly elected Board of Directors will look at debt restructuring, refinancing its capital assets and/or will renegotiate for more achievable bank requirements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Property and Equipment

Property and equipment are recorded at cost. Buildings and equipment are amortized on the declining balance basis over their estimated useful lives at the undernoted rates:

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

Amortization for property and equipment acquired during the year is recorded at one half of the indicated rates.

b) 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.

c) Net Assets Included in Property and Equipment

Net assets invested in property and equipment represents the amount of net assets that are not available for other purposes because they have been invested in property and equipment. Under the general operating fund, net assets invested in property and equipment represents the unamortized portion of property and equipment purchased with unrestricted resources, less related debt, and the carrying amount, less related debt, of property and equipment that will not be amortized. Under the restricted fund, net assets invested in property and equipment represents the net book value of all property and equipment, less related debt.

d) Revenue Recognition

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

Externally restricted donations for specific purpose as revenue in the year the related recognized expenses are incurred or if recorded under the restricted fund accounting, revenue is recognized upon receipt.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Foreign Currency Translation

The organization maintains its books and records in Canadian dollars. Foreign currency transactions are translated using the temporal method. Under this method, all monetary items are translated into Canadian funds at the rate of exchange prevailing at the balance sheet date. Non-monetary items are translated at historical rates. Income and expenses are translated at the rate in effect on the transaction dates. Translation gains and losses are included in the determination of earnings for the year.

f) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

The significant areas requiring management's judgement related to the estimated useful lives of property and equipment, the net realizable value of accounts receivable and the recording of accruals. These estimates are reviewed periodically and as adjustments become necessary, they are reported in operations in the period in which they become known.

g) Contributed Materials and Services

Contributed materials and services that are normally purchased, are valued at fair value determined in relation to purchase of similar materials and services and recorded at that value.

h) Impairment of Long-Lived Assets

Property and equipment and other long-lived assets are reviewed for impairment whenever changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset with its expected future net undiscounted cash flows from use together with its residual value (net recoverable value). If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds its net recoverable value. Any impairment results in a write-down of the asset and a charge to income during the year.

i) Capital disclosures

CICA Handbook Section 1535, "Capital Disclosures", requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any externally imposed capital requirements and, if it has not complied, the consequences of such non-compliance. See note 17.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Financial Instruments – Recognition and Measurement

CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement that requires disclosure of standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Upon adoption, all existing and new financial assets and financial liabilities of an enterprise must be classified as either held for trading, held to maturity, or available for sale with each classification having a different accounting treatment after the initial recognition of the asset or liability. All financial assets and financial liabilities must be measured at fair value upon initial recognition.

After initial recognition, the financial assets are measured according to the following guidelines. Financial assets that are classified as available for sale or held for trading must be measured at fair value. Any gain or loss on a financial asset held for trading is recorded in the statements of operations in the period in which it occurs. Any gain or loss on a financial asset that is available for sale is recorded directly in the fund balance. Financial assets that are classified as held to maturity are measured at amortized cost using the effective interest method.

After initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method.

The organization has elected to apply the following classifications to each of its significant categories of financial instruments:

Asset/Liability	Category	Measurement
Cash	Held for trading	Fair value
Term deposit	Held to maturity	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Bank indebtedness and loans	Other liabilities	Amortized cost

The standard also addresses the appropriate accounting for non-financial contracts with embedded derivatives. The organization does not have any contracts with embedded derivatives.

k) Recent Accounting Pronouncements

i) Financial Instruments

The organization has chosen to apply CICA 3861, Financial Instruments - Disclosure and Presentation, in place of CICA 3862, Financial Instruments – Disclosures, and CICA 3861, Financial Instruments – Presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k) Recent Accounting Pronouncements (cont'd)

ii) Financial Statement Presentation for Not-For-Profit Organizations

During the year the organization applied the updated standards of the Canadian Institute of Chartered Accountants contained in Sections 4400 and 4470 of the CICA Handbook. The amendments includes that each component of revenue, expenses, gain and loss that is required by primary sources of GAAP (Section 1000) be separately identified in the statements of financial position and changes in net assets:

- the disclosure of restrictions whether under the deferral or restricted fund method
- the presentation of revenues and expenses at gross amounts where the organization acts as a principal in transactions
- presentation of a statement of cash flows in accordance with Section 1540, Cash Flow Statements
- that when allocations of fundraising and general support expenses have been made to other functions, the inclusion in the accounting policy notes an explanation of the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made. In addition, the amounts allocated from each of these two functions, and the amounts and the functions to which they have been allocated, should be disclosed.

The application of these standards did not have any significant effect on the organization's financial statements.

iii) Financial Statement Concepts

In February 2008, the AcSB amended CICA 1000. Financial Statement Concepts, to clarify that assets not meting the definition of an asset or the recognition criteria are not permitted to be recognized on the balance sheet.

The amendment are effective for financial statements for fiscal years beginning on or after October 1, 2008, which for the Organization is, January 1, 2009. The application of the standard did not have any significant effect on the organization's financial statements.

iv) Future Reporting Standards

In March 2010, the AcSB issued Exposure Draft: Accounting Standards for Not-for-Profit Organizations. The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, to issue Part III of the CICA Handbook – Accounting (Handbook) as accounting standards for not-for-profit organizations in the private sector. Initially Part III will comprise:

- The existing standards dealing with the unique circumstances of not-for-profit organizations, currently in the "4400 series: of standards in Part V of the Handbook;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k) Recent Accounting Pronouncements (cont'd)

iv) Future Reporting Standards (cont'd)

- The additional standards and amendments proposed in this Exposure Draft; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to not-for-profit organizations.

The AcSB previously decided to permit non-for-profit organizations to apply International Financial Reporting Standards (IFRSs), which are in Part I of the Handbook. Organizations reporting in accordance with either Part I or Part III of the Handbook would indicate in the accounting policy note to their financial statements which of the sets of standards they have applied. Those organizations reporting in accordance with the proposed Part III would describe their financial statements as being in accordance with Canadian accounting standards for not-for-profit organizations.

The new standards will be effective for fiscal years beginning on or after January 1, 2012. Early adoption will be permitted.

The organization has not yet determined the impact of the adoption of these changes on its financial statements.

3. TERM DEPOSIT

Current interest rate on the term deposit is 2% per annum and maturing on June 20, 2010.

4. ACCOUNTS RECEIVABLE

	2009	2008
	$	$
Tuitions	33,118	12,245
Goods and services tax	15,613	43,098
Other	148,416	36,469
Allowance for doubtful accounts	(25,295)	(25,295)
	171,852	66,517

5. DEFERRED REVENUE

	2009	2008
	$	$
Deferred tuition fees	177,801	130,920
Deferred contributions	58,520	39,397
	236,321	170,317

6. PROPERTY AND EQUIPMENT

	2009			2008
	Cost	Accumulated Amortization	Net	Net
	$	$	$	$
Hellenic Cultural Centre -				
Building – construction in progress	9,115,645	-	9,115,645	8,120,768
Land	3,058,847	-	3,058,847	2,955,672
Annunciation -				
Land	81,449	-	81,449	81,449
Building	6,548,779	2,006,237	4,542,542	4,687,269
Equipment	984,775	750,394	234,381	292,977
St. Demetrios -				
Land	81,286	-	81,286	81,286
Building	198,926	60,780	138,146	73,034
Parking	61,650	5,281	56,369	59,336
St. Irene -				
Land	106,767	-	106,767	106,767
Building	1,055,190	353,849	701,341	726,308
Equipment	80,227	56,801	23,426	29,282
St. John's -				
Land	572,787	-	572,787	572,787
Building	324,320	129,405	194,915	205,174
Equipment	17,394	12,960	4,434	5,542
Alexander the Great Youth Centre -				
Land	772,426	-	772,426	772,426
Building	373,066	162,914	210,152	221,213
Equipment	19,686	16,434	3,252	4,065
Community Centre -				
Land	637,028	-	637,028	637,028
Building	1,006,700	462,717	543,983	572,613
Computer hardware	17,749	15,863	1,886	1,600
Equipment	12,341	10,556	1,785	2,232
Social Services -				
Land	36,975	-	36,975	36,975
Building	86,230	39,107	47,123	48,340
Equipment	2,861	2,615	246	307
Computer hardware	4,689	4,049	640	800
Galley Avenue -				
Land	20,318	-	20,318	20,318
Building	49,000	22,521	26,479	27,873
Sorauren Avenue I -				
Land	11,700	-	11,700	11,700
Building	27,300	12,547	14,753	15,530
Sorauren Avenue II -				
Land	29,500	-	29,500	29,500
Building	68,800	31,622	37,178	39,135
Cultural Centre -				
Furniture	30,370	27,277	3,093	3,865
Computer hardware	8,982	5,729	3,253	4,066
Fund Raising - Equipment	3,539	2,787	752	940
	25,507,302	4,192,445	21,314,857	20,448,177

6. PROPERTY AND EQUIPMENT (cont'd)

Amortization for the year amounted to $407,377 ($437,237 in 2008).

Hellenic Cultural Centre

In 2001, the organization purchased a real estate property at 441 and 451 Ellesmere Road, Scarborough, Ontario. A multi-purpose cultural and community centre is currently being constructed. Total construction costs is estimated to be at $12,000,000 (Actual cost as of December 31, 2009 was $9,115,645). Funding for the project is expected to come from grants from the Canadian, Greek and Cypriot governments, private foundations and associations, corporate and community donations and fund raising campaigns. The project is estimated to be completed by the year 2011.

7. BANK INDEBTEDNESS

Bank indebtedness represents the drawdown balance at year-end against its Operating Line of Credit to a maximum of $1,250,000, bearing interest at prime plus 1.75% per annum with interest payable monthly.

The following security cover is provided to the Bank to cover the Operating Line of Credit and other loan facilities mentioned in note 8:

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 $10,000,000 providing an inter alia first charge over the New Hellenic Centre property and other real estate properties of the organization and with replacement cost fire insurance coverage, loss, if any payable to the bank.

Interest expense with respect of this credit line amounted to $38,967 ($79,928 in 2008).

8. BANK LOANS

	2009	2008
	$	$
Non-revolving Real Estate Financing loan repayable in blended monthly installments of $24,522 including interest at 6.85% per annum, due November 16, 2012	3,032,413	3,115,833
Mortgage loan secured by land and building at 760 Pape Avenue with a carrying value of $84,098 repayable in blended monthly payments of $820 including interest at 7.85% per annum, due on May 1, 2013	59,151	58,584
Non-revolving construction loan secured by first ranking assignment of Builder's All Risk Insurance over the New Hellenic Centre property including insurance, first ranking general assignments of all contracts, agreements and instruments relating to Phase I of New Hellenic Centre project, interest at prime rate plus 1.75%, payable in monthly instalments of $17,333 plus interest and payable in full on or before June 30, 2010	5,200,000	3,852,327
Non-revolving payout overdraft balance, repayable at $6,450 monthly plus interest at prime rate plus 1% per annum, due on October 31, 2011	138,365	215,765
	8,429,929	7,242,509

See note 7 for additional security covering these loans.

As at December 31, 2009, the Organization did not meet a financial covenant specified in its bank borrowing agreement. Consequently, all bank loans amount is presented as current liability in the balance sheet since the bank has the right to demand loan payment at any time. In management's opinion, this matter will be resolved to the mutual satisfaction of the bank and the organization.

Interest with respect to these loans amounted to $403,674 ($396,391 in 2008) including capitalized interest of $242,010 ($237,524 in 2008).

The future minimum annual payments are:

2010	5,378,638
2011	162,975
2012	2,854,380
2013	33,936
	$ 8,429,929

9. INTERFUND BALANCES

The interfund balances are non-interest bearing.

10. GRANTS

Grants included in general revenue are received from the following organizations:

	2009	2008
	$	$
The Ministry of Health and Long-Term Care Division (Social Services)	177,199	167,700
The City of Toronto (Social Services)	50,720	49,720
The United Way of Greater Toronto (Social Services)	52,881	52,884
The Ministry of Culture (New Hellenic Centre)	307,017	182,920
Hellenic Heritage Foundation (New Hellenic Centre)	-	300,000
RBC Foundation (New Hellenic Centre)	-	10,000
Government of Canada – Service Canada, Ontario Region (Social Services)	22,500	-
Ministry of Citizenship and Immigration (Social Services)	1,803	1,803
Government of Greece (head Office)	80,237	-
Eglinton Bayview Joints in Motion (Head Office)	50,000	-
	742,357	765,207

11. STATEMENT OF CASH FLOWS

Interest paid for the year amounted to $442,641 ($471,569 in 2008).

12. COMMITMENTS

The future minimum annual payments under equipment operating leases are:

2010	16,625
2011	14,074
2012	14,074
2013	10,896
2014	1,364
	$ 57,033

13. CONTINGENCIES

a) The organization is contingently liable for letters of credit in the amount of $38,132 ($36,887 in 2008) issued in relation to the construction of the new Hellenic Cultural Center. Security for this facility is included in Operating Line of Credit (see note 7).

b) The organization is one of the defendants in a lawsuit against one of the churches, currently part of the organization, seeking a total of $2,000,000 in damages arising out of a complaint which allegedly occurred at the time when the organization was not the owner of that particular church. There have been no further developments in the case since April 2008. Management is of the opinion that the organization's defenses are meritorious and the lawsuit will result in no material loss. No provision has been made in these financial statements in connection therewith and any related expenses will be charged to the operations in the period incurred.

14. FINANCIAL INSTRUMENTS

a) Credit Risk Management

The organization is exposed to credit risk on its accounts receivable. Its receivables are from students, fundraising event sponsors and commodity taxes rebates. The organization does not have significant exposure to any individual donor/student.

b) Fair Value of Financial Instruments

The carrying amounts of accounts receivable and accounts payable approximate their fair values because of the short-term maturities of these items.

The carrying amounts of bank indebtedness and long-term debt approximate their fair value because the interest rates are close to the market rates.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its operations and financial liabilities. The organization's activities are financed through the combination of the cash flows from operations and the availability of funding through an adequate amount of committed credit facilities. As at December 31, 2009, the organization has a negative working capital. Management is of the opinion that planned fundraising strategies would generate the cash inflows required to meet its maturing obligations.

c) Interest Rate Risk

Interest on certain bank liabilities is variable based on bank's prime rates. This exposes the organization to the risk of changing interest rates that may have an effect on its earnings in future periods. The organization does not use derivative instruments to reduce exposure to interest rate risk.

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15. INTERFUND TRANSFER

On May 11, 2010, the Board of Directors formally approved the total transfers of $1,506,731 during the year ($2,786,950 in 2008) from the General Fund to the New Hellenic Centre Fund.

16. CAPITAL RISK MANAGEMENT

In the management of capital, the organization includes the components of net assets which primarily comprised of investment in property and equipment. Its primary objectives with respect to its capital management are to ensure that it has sufficient cash resources to maintain its ongoing operations, to safeguard the organization's ability to continue as a going concern as well as to finance capital expenditures on the construction of the New Hellenic Centre.

The organization's main sources of capital are cash flows generated from operations, which includes donations and grants, an operating line of credit and long-term debts. These cash flows are used to fund its capital expenditures, working capital needs and debt service requirements. The organization manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The organization has evaluated its net working capital deficiency as at December 31, 2009 and has determined that it will have to further utilize its credit facilities as well as increase its operating revenues through additional fundraising campaigns. The organization expects its current capital resources will be sufficient to carry its operations through its current operating period.

The organization is subject to certain non-financial covenants related to the bank credit facilities and management has determined that it has complied with these covenants as at December 31, 2009. It also has to comply with a financial covenant relating to its debt facilities, EBITDA (earnings before income taxes, depreciation and amortization) to total interest expense plus current portion of long term debt is to be maintained at all times at 1.10:1 or better. This covenant was not met as at December 31, 2009, as disclosed in Note 8. The organization monitors the covenant on a regular basis and the organization's Board of Directors and its bank review the covenants on a quarterly basis.

The organization's Board of Directors takes full responsibility for managing the organization's capital and does so through board meetings, review of financial information, and regular communication with officers and senior management.