

Financial Statements of

**GREEK COMMUNITY
OF TORONTO**

Year ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Greek Community of Toronto, which comprise the statement of financial position as at December 31, 2010, 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 generally accepted accounting principles, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Greek Community of Toronto derives revenue from donations, event sales, tuition fees and programs revenue, 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 the Greek Community of Toronto. Therefore, we were not able to determine whether, as at and for the years ended December 31, 2010 and 2009, any adjustments might be necessary to contributions and excess of revenue over expenses (expenses over revenue) reported in the statements of operations, excess of revenue over expenses (expenses over revenue) reported in the statements of cash flows and current assets and net assets reported in the statements of financial position.

Historical records of the 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 KPMG or the previous auditors. The cost of land, buildings and equipment not verified is \$2,075,144.



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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 the Greek Community of Toronto as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to note 1(a) to the financial statements, which indicates that the Greek Community of Toronto did not meet the financial covenant specified in its bank borrowing agreement. Consequently, all bank loans are presented as a current liability in the statement of financial position since the bank has the right to demand loan payment at any time. These conditions, as set forth in note 1(a) to the financial statements indicate the existence of a material uncertainty that may cast significant doubt about the Greek Community of Toronto's ability to continue as a going concern.

Other Matter

Without modifying our opinion, we draw attention to note 2 to the financial statements, which indicates that the comparative information presented as at and for the year ended December 31, 2009 has been restated.

The financial statements of the Greek Community of Toronto as at and for the year ended December 31, 2009, excluding the restatement described in note 2 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those statements on April 14, 2010.

As part of our audit of the financial statements as at and for the year ended December 31, 2010 we audited the restatement described.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act (Ontario), we report that, in our opinion, the accounting policies applied by in preparing and presenting the financial statements in accordance with Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants, Licensed Public Accountants

September 15, 2011
Toronto, Canada

GREEK COMMUNITY OF TORONTO

Statement of Financial Position

December 31, 2010, with comparative figures for 2009

			2010	2009
	General Operating Fund	Restricted Fund	Total	Total (Restated - note 2)
Assets				
Current assets:				
Cash	\$ 107,736	\$ 3,369	\$ 111,105	\$ 111,747
Term deposit (note 3)	–	173,711	173,711	191,689
Accounts receivable (note 4)	126,937	–	126,937	171,852
Prepaid expenses and other assets	24,730	–	24,730	33,681
	259,403	177,080	436,483	508,969
Property and equipment (note 6)	8,943,989	6,551,047	15,495,036	21,840,802
	\$ 9,203,392	\$ 6,728,127	\$ 15,931,519	\$ 22,349,771

Liabilities and Net Assets

Current liabilities:				
Bank indebtedness (note 7)	\$ 1,435,896	\$ –	\$ 1,435,896	\$ 1,345,105
Accounts payable	1,255,524	1,030,467	2,285,991	1,519,692
Bank loans (note 8)	3,265,205	4,992,000	8,257,205	8,429,929
Deferred revenue (note 5)	366,844	–	366,844	236,321
	6,323,469	6,022,467	12,345,936	11,531,047
Net assets:				
Invested in property and equipment	5,873,864	898,987	6,772,851	11,578,984
Operating deficit	(2,993,941)	(193,327)	(3,187,268)	(980,304)
New Hellenic Cultural Centre Fund surplus	–	–	–	220,044
	2,879,923	705,660	3,585,583	10,818,724
Commitments (note 10)				
Contingencies (note 11)				
	\$ 9,203,392	\$ 6,728,127	\$ 15,931,519	\$ 22,349,771

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

GREEK COMMUNITY OF TORONTO

Statement of Operations

Year ended December 31, 2010, with comparative figures for 2009

	General Operating Fund												Restricted Fund	2010	2009	
	Associations Department	Cultural Department	Education Department	Fund raising Department	Social Services Department	St. Demetrios Department	St. John's Department	St. Irene's Department	Annunciation Department	Youth and Athletics Department	Memberships Department	Properties Department	Total	New Hellenic Cultural Centre	Total	Total
Income:																
Donation - special purpose	\$ -	\$ -	\$ -	\$ 152,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,374	\$ 72,066	\$ 224,440	\$ 285,620
Donation	-	325	3,030	146,461	41,622	227,356	270,500	145,415	183,805	300	-	-	1,018,814	-	1,018,814	935,824
Grants (note 9)	-	-	-	-	281,758	-	-	-	-	-	-	-	281,758	-	281,758	742,357
Foundations	-	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	5,000	2,400
Donations in kind	-	9,744	11,763	67,328	7,709	6,297	4,084	4,534	3,926	1,890	-	-	117,275	5,131	122,406	-
General income, tuition and service fees	-	447	305,447	-	51,555	63,309	58,086	8,506	47,358	150	240,180	-	775,038	-	775,038	744,648
Event	208,917	92,592	1,720	215,735	-	-	172	-	-	-	-	-	519,136	-	519,136	918,926
Programs and activities	-	19,535	-	-	-	-	-	-	-	23,295	-	-	42,830	-	42,830	58,265
Revenue raising	-	-	-	40,520	-	-	-	-	-	8,300	-	-	48,820	-	48,820	58,107
Other (note 12)	-	-	-	38,299	3,020	-	10	-	-	-	-	-	41,329	4,547	45,876	87,494
Rental	-	-	-	-	-	-	-	-	-	-	-	94,866	94,866	2,400	97,266	97,746
	208,917	122,643	321,960	660,717	390,664	296,962	332,852	158,455	235,089	33,935	240,180	94,866	3,097,240	84,144	3,181,384	3,931,387
Expenses:																
Amortization	1,811	19,734	24,314	1,900	4,691	15,197	11,465	39,528	164,402	8,926	949	90,479	383,396	-	383,396	407,377
Supplies	866	3,924	3,499	2,100	1,196	56,249	56,268	48,261	24,623	1,946	1,445	404	200,781	117	200,898	233,629
Salaries and benefits	9,970	86,113	292,259	80,858	284,079	158,632	106,401	124,367	134,344	33,364	24,849	7,430	1,342,666	1,217	1,343,883	1,451,980
Donation	-	-	-	3,700	2,398	-	-	-	-	-	-	-	6,098	-	6,098	2,760
Event	146,633	32,001	-	132,915	-	-	-	-	1,466	-	-	-	313,015	-	313,015	493,406
Office and general	40,810	46,942	35,064	27,122	24,710	65,803	71,219	72,634	72,085	28,633	67,551	23,868	576,441	54,770	631,211	522,179
Programs and activities	-	-	-	-	4,990	-	-	-	-	550	-	-	5,540	-	5,540	18,962
Services	1,714	8,385	13,026	6,977	4,306	33,217	35,459	5,885	9,393	12,100	1,055	4,977	136,494	190,870	327,364	181,400
Revenue raising	-	-	-	34,911	-	-	-	-	-	-	-	-	34,911	-	34,911	65,549
Occupancy (note 13)	5,126	27,893	75,163	5,957	10,456	47,655	43,238	38,454	104,811	34,339	2,978	99,328	495,398	267,190	762,588	445,621
Other (note 12)	4,334	9,186	37,332	15,322	3,692	4,335	3,544	4,334	5,121	7,134	4,334	4,334	103,002	4,334	107,336	16,642
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	6,298,285	6,298,285	-
	211,264	234,178	480,657	311,762	340,518	381,088	327,594	333,463	516,245	126,992	103,161	230,820	3,597,742	6,816,783	10,414,525	3,839,505
Excess of revenue over expenses (expenses over revenue)	\$ (2,347)	\$ (111,535)	\$ (158,697)	\$ 348,955	\$ 50,146	\$ (84,126)	\$ 5,258	\$ (175,008)	\$ (281,156)	\$ (93,057)	\$ 137,019	\$ (135,954)	\$ (500,502)	\$ (6,732,639)	\$ (7,233,141)	\$ 91,882

See accompanying notes to financial statements.

GREEK COMMUNITY OF TORONTO

Statement of Changes in Net Assets

Year ended December 31, 2010, with comparative figures for 2009

	General Operating Fund												Restricted Fund		2010	2009
	Associations Department	Cultural Department	Education Department	Fund raising Department	Social Services Department	St. Demetrios Department	St. John's Department	St. Irene's Department	Annunciation Department	Youth and Athletics Department	Memberships Department	Properties Department	Total	New Hellenic Cultural Centre	Total	Total
Invested in property and equipment, beginning of year	\$ -	\$ 618,646	\$ 618,646	\$ 752	\$ 618,646	\$ 240,021	\$ 488,067	\$ 168,545	\$ 5,725,490	\$ 661,550	\$ -	\$ -	\$ 9,140,363	\$ 2,438,621	\$ 11,578,984	\$ 12,219,047
Interfund transfer	-	-	-	-	-	-	-	-	-	-	-	1,539,634	1,539,634	-	1,539,634	(1,506,731)
Changes during the year	4,906	(1,451)	6,797	5,698	35,649	(5,932)	75,060	(32,927)	(274,003)	(11,157)	4,906	(4,613,679)	(4,806,133)	(1,539,634)	(6,345,767)	866,668
Invested in property and equipment, end of year	\$ 4,906	\$ 617,195	\$ 625,443	\$ 6,450	\$ 654,295	\$ 234,089	\$ 563,127	\$ 135,618	\$ 5,451,487	\$ 650,393	\$ 4,906	\$ (3,074,045)	\$ 5,873,864	\$ 898,987	\$ 6,772,851	\$ 11,578,984
Fund surplus (deficit), beginning of year	\$ 587,777	\$ (2,784,666)	\$ (2,784,666)	\$ 1,404,701	\$ (2,784,666)	\$ 2,881,788	\$ 2,775,558	\$ 214,465	\$ 530,766	\$ (1,021,361)	\$ -	\$ -	\$ (980,304)	\$ 220,044	\$ (760,260)	\$ (1,492,205)
Interfund transfer	-	-	-	-	-	-	-	-	-	-	-	(1,513,135)	(1,513,135)	6,319,268	4,806,133	1,506,731
Changes during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(866,668)
Excess of revenue over expenses (expenses over revenue)	(2,347)	(111,535)	(158,697)	348,955	50,146	(84,126)	5,258	(175,008)	(281,156)	(93,057)	137,019	(135,954)	(500,502)	(6,732,639)	(7,233,141)	91,882
Fund surplus (deficit), end of year	\$ 585,430	\$ (2,896,201)	\$ (2,943,363)	\$ 1,753,656	\$ (2,734,520)	\$ 2,797,662	\$ 2,780,816	\$ 39,457	\$ 249,610	\$ (1,114,418)	\$ 137,019	\$ (1,649,089)	\$ (2,993,941)	\$ (193,327)	\$ (3,187,268)	\$ (760,260)

See accompanying notes to financial statements.

GREEK COMMUNITY OF TORONTO

Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ (7,233,141)	\$ 91,882
Items not involving cash:		
Amortization of property and equipment	383,396	407,377
Impairment of property and equipment	6,298,285	—
Change in non-cash operating working capital:		
Accounts receivable	44,915	(105,335)
Prepaid expenses and other assets	8,951	(24,347)
Accounts payable	766,299	(357,330)
Deferred revenue	130,523	66,004
	399,228	78,251
Financing activities:		
Proceeds from bank loans	201,992	1,284,642
Payment of bank loans	(374,716)	(97,222)
Increase in bank indebtedness	90,791	81,589
	(81,933)	1,269,009
Investing activities:		
Decrease (increase) in term deposit	17,978	(5,944)
Construction costs and capitalized interest - New Hellenic Cultural Centre	—	(1,098,041)
Purchase of property and equipment	(335,915)	(176,004)
	(317,937)	(1,279,989)
Increase (decrease) in cash	(642)	67,271
Cash, beginning of year	111,747	44,476
Cash, end of year	\$ 111,105	\$ 111,747
Supplemental cash flow information:		
Interest paid	\$ 492,866	\$ 442,641

See accompanying notes to financial statements.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements

Year ended December 31, 2010

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, a youth centre and a social services centre.

1. Significant accounting policies:

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada. Significant accounting policies adopted by the Organization are as follows:

(a) Basis of presentation:

These financial statements have been prepared on the going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. It is management's responsibility to assess and disclose the Organization's ability to continue as a going concern. The application of the going concern concept is dependent on the Organization's ability to sell non-core assets, generate future donations and receive continued financial support in the form of loans and guarantees from its members and the bank. As at December 31, 2010, the Organization did not meet the financial covenant specified in its bank borrowing agreement. Consequently, all bank loans are presented as a current liability in the statement of financial position since the bank has the right to demand loan payment at any time. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Organization's ability to continue as a going concern. Management is of the opinion that the financial covenant matter will be resolved to the mutual satisfaction of the bank and the Organization and sufficient working capital will be obtained in order to meet the Organization's liabilities and commitments as they become payable. These financial statements do not include any adjustments that may be necessary should the Organization be unable to continue as a going concern.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(b) 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 following rates:

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

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

(c) Government assistance:

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

(d) Net assets invested 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.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(e) Revenue recognition:

Unrestricted donations are recognized when received. Short-term pledges and government grants not relating to property and equipment 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 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 statement of financial position as deferred revenue.

(f) Use of estimates:

The preparation of financial statements 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 amounts of revenue and expenses during the year. Actual results could differ from those estimates.

The significant areas requiring management's judgment relate to the estimated useful lives of property and equipment, the net realizable value of accounts receivable and the recording of accruals and overhead expense allocations. 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.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(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) Financial instruments - recognition and measurement:

The Canadian Institute of Chartered Accountants' Handbook Section 3855, Financial Instruments - Recognition and Measurement, 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 classified as held-for-trading is recorded in the statement of operations in the period in which it occurs. Any gain or loss on a financial asset that is classified as 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.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

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	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.

2. Restatement:

Development charges from the City of Toronto, in connection with the construction of the New Hellenic Cultural Centre beginning in 2001 of \$525,945 were accrued in the statement of financial position. Previously there was no estimate for development charges. In 2010, these costs have been recorded in property and equipment and accounts payable and the 2009 comparative figures have been restated to reflect the change in accounting treatment. Further in 2010, the amount recorded in property and equipment of \$525,945 was written down to its fair value (note 6).

3. Term deposit:

The current interest rate on the term deposit is 2.1% per annum and it matures on June 21, 2012.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

4. Accounts receivable:

	2010	2009
Tuitions	\$ 2,633	\$ 33,118
Goods and services tax	–	15,613
Other	128,704	148,416
Allowance for doubtful accounts	(4,400)	(25,295)
	\$ 126,937	\$ 171,852

5. Deferred revenue:

	2010	2009
Deferred tuition fees	\$ 188,108	\$ 177,801
Deferred contribution	178,736	58,520
	\$ 366,844	\$ 236,321

6. Property and equipment:

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
				(Restated - note 2)
New Hellenic Cultural Centre:				
Building - construction in progress	\$ 3,492,198	\$ –	\$ 3,492,198	\$ 9,641,590
Land	3,058,847	–	3,058,847	3,058,847
Annunciation:				
Land	81,449	–	81,449	81,449
Building	6,548,779	2,233,364	4,315,415	4,542,542
Equipment	984,775	797,270	187,505	234,381
St. Demetrios:				
Land	81,286	–	81,286	81,286
Building	199,927	67,713	132,214	138,146
Parking	61,650	5,281	56,369	56,369
St. Irene's:				
Land	106,767	–	106,767	106,767
Building	1,062,190	389,091	673,099	701,341
Equipment	80,227	61,486	18,741	23,426
	15,758,095	3,554,205	12,203,890	18,666,144

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

6. Property and equipment (continued):

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
				(Restated - note 2)
Brought forward	15,758,095	3,554,205	12,203,890	18,666,144
St. John's:				
Land	572,787	–	572,787	572,787
Building	412,210	141,348	270,862	194,915
Equipment	17,394	13,847	3,547	4,434
Youth and Athletics:				
Land	772,426	–	772,426	772,426
Building	373,067	173,421	199,646	210,152
Equipment	19,686	17,085	2,601	3,252
Associations:				
Land	127,406	–	127,406	127,406
Building	211,942	98,248	113,694	108,797
Computer hardware	3,722	3,265	457	377
Equipment	2,468	2,183	285	356
Membership:				
Land	127,406	–	127,406	127,406
Building	211,942	98,248	113,694	108,797
Computer hardware	3,722	3,265	457	377
Equipment	2,468	2,183	285	356
Social Services:				
Land	164,381	–	164,381	164,381
Building	330,162	140,512	189,650	155,920
Computer hardware	10,731	7,674	3,057	1,017
Equipment	5,329	4,847	482	603
Properties:				
Land	61,518	–	61,518	61,518
Building	145,100	70,610	74,490	78,410
Cultural:				
Furniture	8,801	6,380	2,421	3,093
Computer hardware	30,370	27,896	2,474	3,253
Fund raising:				
Land	127,406	–	127,406	127,406
Building	211,942	98,248	113,694	108,797
Computer hardware	3,722	3,265	457	377
Equipment	7,035	5,205	1,830	1,109
Education:				
Land	127,406	–	127,406	127,406
Building	211,943	98,248	113,695	108,797
Computer hardware	5,822	3,475	2,347	377
Equipment	2,468	2,183	285	356
	\$ 20,070,877	\$ 4,575,841	\$ 15,495,036	\$ 21,840,802

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

6. Property and equipment (continued):

Amortization for the year amounted to \$383,396 (2009 - \$407,377).

New Hellenic Cultural Centre:

In 2001, the Organization purchased a real estate property at 441 and 451 Ellesmere Road, Scarborough, Ontario, named the New Hellenic Cultural Centre. In 2010, the Organization decided to discontinue construction of the New Hellenic Cultural Centre due to the excessive cost to complete and it is now held for sale. As a result of discontinuing construction and holding the centre for sale, the Organization evaluated the carrying amount of idle equipment and determined that the recovery of the carrying amount was not reasonably assured and, consequently, these assets were written down to their fair values, resulting in an impairment loss of \$6,298,285.

7. Bank indebtedness:

Bank indebtedness represents the drawdown balance at year end against its opening line of credit to a maximum of \$1,250,000, being interest at prime rate plus 2% 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 all of the assets of the Organization and with replacement cost fire insurance coverage, loss if any, payable to the bank.

Interest expense with respect to this credit line amounted to \$52,386 (2009 - \$38,967).

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

8. Bank loans:

	2010	2009
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	\$ 2,943,097	\$ 3,032,413
Mortgage loan secured by land and building at 760 Pape Avenue with a net book value of \$112,932, repayable in blended monthly payments of \$1,539, including interest at prime plus 2.25% per annum, due on June 4, 2011	261,143	59,151
Non-revolving construction loan secured by first ranking assignment of Builder's All Risk Insurance over the New Hellenic Cultural Centre property, including contracts, agreements and instruments relating to Phase I of the New Hellenic Cultural Centre project, interest at prime rate plus 2.00%, payable in full on or before December 31, 2010	4,992,000	5,200,000
Non-revolving payout overdraft balance, repayable at \$6,450 monthly plus interest at prime rate plus 1% per annum, due on October 31, 2011	60,965	138,365
	\$ 8,257,205	\$ 8,429,929

See note 7 for additional security covering these loans.

As at December 31, 2010, the Organization did not meet the financial covenant specified in its bank borrowing agreement. Consequently, all bank loans are presented as a current liability in the statement of financial position 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 \$440,480 (2009 - \$403,674).

The future minimum annual principal payments as per loan agreements are:

2011	\$ 5,415,335
2012	2,841,870
	\$ 8,257,205

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

9. Grants:

Grants are received from the following organizations:

	2010	2009
Ministry of Health and Long-Term Care Division (Social Services)	\$ 175,331	\$ 177,199
United Way of Greater Toronto (Social Services)	52,884	52,881
City of Toronto (Social Services)	31,450	50,720
Ministry of Culture (New Hellenic Cultural Centre)	20,290	307,017
Government of Canada - Service Canada, Ontario Region (Social Services)	1,803	22,500
Ministry of Citizenship and Immigration (Social Services)	–	1,803
Government of Greece (Head Office)	–	80,237
Eglinton Bayview Joints in Motion (Head Office)	–	50,000
	<u>\$ 281,758</u>	<u>\$ 742,357</u>

10. Commitments:

The future minimum annual payments under equipment operating leases are:

2011	\$ 14,000
2012	14,000
2013	11,000
2014	1,000
	<u>\$ 40,000</u>

11. Contingencies:

- (a) The Organization is contingently liable for letters of credit to the City of Toronto in the amount of \$296,995 (2009 - \$38,132) issued in relation to the construction of the New Hellenic Cultural Centre. Partial security for this facility is included in the operating line of credit amounting to \$10,000 (note 7) and in the term deposits amounting to \$170,700 (note 3) leaving \$116,295 of letters of credit not yet posted.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

11. Contingencies (continued):

(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 defences 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 year incurred.

12. Other income and other expenses:

	2010	2009
Other income:		
Interest	\$ 3,920	\$ 6,564
Provincial sales tax recovery - New Hellenic Cultural Centre	–	62,100
Election fees	2,350	118
Miscellaneous	39,606	18,712
	<u>\$ 45,876</u>	<u>\$ 87,494</u>
Other expenses:		
Uncollectible pledges	\$ 22,094	\$ 10,802
Collected in previous year	–	12,401
Stale cheques written-off	(4,223)	(6,561)
Bad debt	33,118	–
Miscellaneous	56,347	–
	<u>\$ 107,336</u>	<u>\$ 16,642</u>

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

13. 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												2010	2009		
	Associations Department	Cultural Department	Education Department	Fund raising Department	Social Services Department	St. Demetrios Department	St. John's Department	St. Irene's Department	Annunciation Department	Youth and Athletics Department	Memberships Department	Properties Department	Total	Restricted Fund New Hellenic Cultural Centre	Total	Total
Mortgage	\$ 1,855	\$ 11,948	\$ 16,963	\$ 1,786	\$ 3,118	\$ 14,289	\$ 16,449	\$ 20,496	\$ 71,648	\$ 16,492	\$ 893	\$ 44,171	\$ 220,108	\$ 220,372	\$ 440,480	\$ 161,664
Rent	-	-	32,352	-	-	-	-	-	-	-	-	-	32,352	-	32,352	30,652
Occupancy	3,271	15,945	25,848	4,171	7,338	33,366	26,789	17,958	33,163	17,847	2,085	55,157	242,938	46,818	289,756	253,305
Total	\$ 5,126	\$ 27,893	\$ 75,163	\$ 5,957	\$ 10,456	\$ 47,655	\$ 43,238	\$ 38,454	\$ 104,811	\$ 34,339	\$ 2,978	\$ 99,328	\$ 495,398	\$ 267,190	\$ 762,588	\$ 445,621

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2010

14. Financial instruments:

(a) Credit risk management:

The Organization is exposed to credit risk on its accounts receivable. Its receivables are from students, fundraising events 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 amount of bank indebtedness approximates its fair value because the interest rate is close to the market rate.

(c) Interest rate risk:

Interest on certain bank liabilities is variable based on the 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.

15. Comparative figures:

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