

Financial Statements of

**GREEK COMMUNITY  
OF TORONTO**

Year ended December 31, 2011



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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, 2011, 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 program revenue, 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 Greek Community of Toronto. Therefore, we were not able to determine whether, as at and for the years ended December 31, 2011 and 2010, any adjustments might be necessary to donations, event sales, tuition fees and program revenue 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 us 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, 2011, 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 modifying our qualified 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.

**Report on Other Legal and Regulatory Requirements**

As required by the Corporations Act (Ontario), we report that, in our opinion, the accounting policies applied 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.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

June 20, 2012  
Toronto, Canada

# GREEK COMMUNITY OF TORONTO

## Statement of Financial Position

December 31, 2011, with comparative figures for 2010

			2011	2010
	General Operating Fund	Restricted Fund	Total	Total
<b>Assets</b>				
Current assets:				
Cash	\$ 58,885	\$ (11,908)	\$ 46,977	\$ 111,105
Term deposit (note 2)	–	173,711	173,711	173,711
Accounts receivable (note 3)	94,062	–	94,062	126,937
Prepaid expenses and other assets	40,098	–	40,098	24,730
Assets held for sale (note 5)	–	4,800,000	4,800,000	–
	193,045	4,961,803	5,154,848	436,483
Property and equipment (note 5)	8,774,765	–	8,774,765	15,495,036
	\$ 8,967,810	\$ 4,961,803	\$ 13,929,613	\$ 15,931,519

## Liabilities and Net Assets

Current liabilities:				
Bank indebtedness (note 6)	\$ 1,214,785	\$ –	\$ 1,214,785	\$ 1,435,896
Accounts payable	1,286,470	1,224,282	2,510,752	2,285,991
Bank loans (note 7)	2,882,290	5,178,563	8,060,853	8,257,205
Deferred revenue (note 4)	401,641	–	401,641	366,844
	5,785,186	6,402,845	12,188,031	12,345,936
Net assets:				
Invested in property and equipment	5,940,180	(119,667)	5,820,513	6,772,851
Operating deficit	(2,757,556)	(1,321,375)	(4,078,931)	(3,187,268)
	3,182,624	(1,441,042)	1,741,582	3,585,583
Commitments (note 9)				
Contingencies (note 10)				
Subsequent events (note 14)				
	\$ 8,967,810	\$ 4,961,803	\$ 13,929,613	\$ 15,931,519

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# GREEK COMMUNITY OF TORONTO

## Statement of Operations

Year ended December 31, 2011, with comparative figures for 2010

	General Operating Fund												Restricted Fund		2011	2010
	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
<b>Income:</b>																
Donation - special purpose	\$ -	\$ -	\$ -	\$ 89,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,366	\$ -	\$ 89,366	\$ 224,440
Donation	1,121	-	-	427,147	-	280,301	259,191	193,467	261,891	-	-	-	1,423,118	-	1,423,118	1,018,814
Grants (note 8)	-	-	-	7,688	94,940	-	-	-	-	-	-	-	102,628	-	102,628	281,758
Foundations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Donations in kind	-	-	-	40,454	-	-	-	-	-	-	-	-	40,454	-	40,454	122,406
General income, tuition and service fees	-	-	371,327	550	37,451	94,100	99,392	14,152	39,082	87	194,095	-	850,236	-	850,236	775,038
Event	199,832	82,232	500	250,670	-	-	-	-	3,835	-	-	-	537,069	-	537,069	519,136
Programs and activities	-	15,840	-	-	-	-	-	-	-	-	-	-	15,840	-	15,840	42,830
Rental	-	-	-	-	-	-	-	-	-	2,850	-	101,797	104,647	-	104,647	97,266
Revenue raising	-	-	-	-	-	-	-	-	-	1,800	-	-	1,800	-	1,800	48,820
Other (note 11)	-	26	470	9,530	15	-	1,255	44	49,277	-	-	7	60,624	249,307	309,931	45,876
Gain on sale of Pape	-	-	-	-	-	-	-	-	-	-	-	283,338	283,338	-	283,338	-
	200,953	98,098	372,297	825,405	132,406	374,401	359,838	207,663	354,085	4,737	194,095	385,142	3,509,120	249,307	3,758,427	3,181,384
<b>Expenses:</b>																
Salaries and benefits	8,306	64,275	279,672	139,609	151,659	131,122	83,794	116,250	120,642	18,878	13,842	3,876	1,131,925	1,107	1,133,032	1,343,883
Event	124,655	52,194	468	126,053	4,263	-	2,964	-	27,852	-	-	-	338,449	-	338,449	313,015
Programs and activities	-	-	-	-	1,563	-	-	-	-	-	-	-	1,563	-	1,563	5,540
Services	784	21,014	666	852	4,768	18,707	43,510	5,409	5,271	4,335	558	282	106,156	5,042	111,198	327,364
Supplies	1,135	3,390	2,230	3,702	442	42,220	39,664	29,379	35,849	829	1,841	516	161,197	147	161,344	200,898
Revenue raising	2,079	-	3,066	3,667	-	-	-	-	-	-	-	-	8,812	-	8,812	34,911
Office and general	40,246	45,822	32,786	26,817	19,987	64,995	67,414	68,578	66,414	27,443	66,745	21,065	548,312	33,781	582,093	631,211
Occupancy (note 12)	42,540	55,695	103,717	29,749	29,615	89,610	93,668	87,268	115,652	38,689	67,869	80,244	834,316	16,298	850,614	762,588
Amortization	2,065	17,295	21,806	2,360	7,173	18,882	13,682	38,514	152,779	8,364	1,180	85,359	369,459	-	369,459	383,396
Building Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	2,041,343	2,041,343	6,298,285
Donation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,098
Other (note 11)	-	-	1,733	-	-	-	-	-	-	-	-	-	1,733	-	1,733	107,336
	221,810	259,685	446,144	332,809	219,470	365,536	344,696	345,398	524,459	98,538	152,035	191,342	3,501,922	2,097,718	5,599,640	10,414,525
Excess of revenue over expenses (expenses over revenue)	\$ (20,857)	\$ (161,587)	\$ (73,847)	\$ 492,596	\$ (87,064)	\$ 8,865	\$ 15,142	\$ (137,735)	\$ (170,374)	\$ (93,801)	\$ 42,060	\$ 193,800	\$ 7,198	\$ (1,848,411)	\$ (1,841,213)	\$ (7,233,141)

See accompanying notes to financial statements.

# GREEK COMMUNITY OF TORONTO

## Statement of Changes in Net Assets

Year ended December 31, 2011, with comparative figures for 2010

	General Operating Fund												2011	2010		
	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
Invested in property and equipment, beginning 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
Interfund transfer	-	-	-	-	-	-	-	-	-	-	-	(147,376)	(147,376)	918,936	771,560	1,539,634
Changes during the year	28,177	(17,295)	8,436	27,882	23,069	(636)	(13,682)	(26,514)	(21,067)	(8,364)	29,062	184,624	213,692	(1,937,590)	(1,723,898)	(6,345,767)
Invested in property and equipment, end of year	\$ 33,083	\$ 599,900	\$ 633,879	\$ 34,332	\$ 677,364	\$ 233,453	\$ 549,445	\$ 109,104	\$ 5,430,420	\$ 642,029	\$ 33,968	\$ (3,036,797)	\$ 5,940,180	\$ (119,667)	\$ 5,820,513	\$ 6,772,851
Fund surplus (deficit), beginning 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)
Interfund transfer	-	-	-	-	-	-	-	-	-	-	-	229,187	229,187	720,363	949,550	4,806,133
Changes during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue)	(20,857)	(161,587)	(73,847)	492,596	(87,064)	8,865	15,142	(137,735)	(170,374)	(93,801)	42,060	193,800	7,198	(1,848,411)	(1,841,213)	(7,233,141)
Fund surplus (deficit), end of year	\$ 564,573	\$ (3,057,788)	\$ (3,017,210)	\$ 2,246,252	\$ (2,821,584)	\$ 2,806,527	\$ 2,795,958	\$ (98,278)	\$ 79,236	\$ (1,208,219)	\$ 179,079	\$ (1,226,102)	\$ (2,757,556)	\$ (1,321,375)	\$ (4,078,931)	\$ (3,187,268)

See accompanying notes to financial statements.

# GREEK COMMUNITY OF TORONTO

## Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Excess of expenses over revenue	\$ (1,841,213)	\$ (7,233,141)
Items not involving cash:		
Amortization of property and equipment	369,459	383,396
Impairment of property and equipment	2,041,343	6,298,285
Gain on sale of Pape	(283,338)	—
Change in non-cash operating working capital:		
Accounts receivable	32,875	44,915
Prepaid expenses and other assets	15,368	8,951
Accounts payable	224,761	766,299
Deferred revenue	34,797	130,523
	594,052	399,228
Financing activities:		
Proceeds from bank loans	—	201,992
Payment of bank loans	(229,856)	(374,716)
Increase (decrease) in bank indebtedness	(221,111)	90,791
	(450,967)	(81,933)
Investing activities:		
Decrease in term deposit	—	17,978
Proceeds on disposal of property and equipment	396,270	—
Purchase of property and equipment	(603,483)	(335,915)
	(207,213)	(317,937)
Decrease in cash	(64,128)	(642)
Cash, beginning of year	111,105	111,747
Cash, end of year	\$ 46,977	\$ 111,105
Supplemental cash flow information:		
Interest paid	\$ 190,494	\$ 492,866

See accompanying notes to financial statements.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements

Year ended December 31, 2011

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The Greek Community of Toronto (the "Organization") is a registered non-profit charitable organization incorporated in 1965 under Part III of the Corporations Act (Ontario). Its name was changed from The Greek Community of Metropolitan Toronto Inc. to the Greek Community of Toronto on October 8, 2004.

The Organization's objectives, among others, are: to preserve and diffuse the Greek language, to nurture and promote Greek civilization and traditions and to offer charitable assistance to those in need.

The Organization owns and operates four Greek orthodox churches, a cultural centre, 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, 2011, the Organization did not meet the financial covenant specified in its bank borrowing agreement. 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 upon the sale of the assets of the Hellenic Cultural Centre 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, 2011

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## 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:

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

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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, 2011

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## 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 are recorded as revenue in the year the related recognized expenses are incurred, or if recorded under 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, 2011

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## 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 estimated future 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, 2011

## 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. Term deposit:

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

## 3. Accounts receivable:

	2011	2010
Tuitions	\$ 34,800	\$ 2,633
Harmonized sales tax	36,020	–
Other	23,242	128,704
Allowance for doubtful accounts	–	(4,400)
	<u>\$ 94,062</u>	<u>\$ 126,937</u>

## 4. Deferred revenue:

	2011	2010
Deferred tuition fees	\$ 219,326	\$ 188,108
Deferred contribution	182,315	178,736
	<u>\$ 401,641</u>	<u>\$ 366,844</u>

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2011

## 5. Property and equipment:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Annunciation:				
Land	\$ 81,449	\$ –	\$ 81,449	\$ 81,449
Building	6,680,490	2,450,494	4,229,996	4,315,415
Equipment	984,775	834,771	150,004	187,505
St. Demetrios:				
Land	81,286	–	81,286	81,286
Building	218,171	74,491	143,680	132,214
Parking lot	61,650	8,099	53,551	56,369
St. Irene's:				
Land	106,767	–	106,767	106,767
Building	1,068,190	423,045	645,145	673,099
Equipment	86,227	66,434	19,793	18,741
St. John's:				
Land	572,787	–	572,787	572,787
Building	412,210	154,891	257,319	270,862
Equipment	17,394	14,556	2,838	3,547
Youth and Athletics:				
Land	772,426	–	772,426	772,426
Building	373,067	183,393	189,674	199,646
Equipment	19,686	17,605	2,081	2,601
Associations:				
Land	127,406	–	127,406	127,406
Building	234,425	103,933	130,492	113,694
Computer hardware	19,136	7,750	11,386	457
Equipment	4,114	3,733	381	285
Memberships:				
Land	127,406	–	127,406	127,406
Building	234,425	103,933	130,492	113,694
Computer hardware	19,136	7,750	11,386	457
Equipment	4,114	3,733	381	285
Social Services:				
Land	127,406	–	127,406	164,381
Building	234,425	103,933	130,492	189,650
Computer hardware	7,008	4,929	2,079	3,057
Equipment	2,861	2,705	156	482
Properties:				
Land	61,518	–	61,518	61,518
Building	145,100	74,334	70,766	74,490
	12,885,055	4,644,512	8,240,543	8,451,976

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2011

## 5. Property and equipment (continued):

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Brought forward	12,885,055	4,644,512	8,240,543	8,451,976
Cultural:				
Furniture	30,368	28,390	1,978	2,421
Computer hardware	8,981	6,901	2,080	2,474
Fundraising:				
Land	127,406	–	127,406	127,406
Building	234,425	103,933	130,492	113,694
Computer hardware	19,136	7,750	11,386	457
Equipment	4,386	3,296	1,090	1,830
Education:				
Land	127,406	–	127,406	127,406
Building	234,425	103,933	130,492	113,695
Computer hardware	2,100	589	1,511	2,347
Equipment	4,114	3,733	381	285
	13,677,802	4,903,037	8,774,765	8,943,991
Assets held for sale:				
New Hellenic Cultural Centre:				
Building - construction in progress	1,694,542	–	1,694,542	3,492,198
Land	3,105,458	–	3,105,458	3,058,847
	\$ 18,477,802	\$ 4,903,037	\$ 13,574,765	\$ 15,495,036

Amortization for the year amounted to \$369,459 (2010 - \$383,396).

### 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 for 2010. In 2011, the Organization re-evaluated the carrying amount of these assets and a further impairment charge of \$2,041,343 was required to write down the assets to their current fair value.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2011

## 6. 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 7:

- (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 \$906 (2010 - \$52,386).

## 7. Bank loans:

	2011	2010
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	\$ 2,859,837	\$ 2,943,097
Mortgage loan secured by land and building at 760 Pape Avenue with a net book value of nil, repayable in blended monthly payments of \$1,539, including interest at prime plus 2.25% per annum, due on June 4, 2011	–	261,143
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%, due on demand	5,178,563	4,992,000
Non-revolving payout overdraft balance, repayable at \$6,450 monthly plus interest at prime rate plus 1% per annum, due on demand	22,453	60,965
	<u>\$ 8,060,853</u>	<u>\$ 8,257,205</u>

See note 6 for additional security covering these loans.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2011

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## 7. Bank loans (continued):

As at December 31, 2011, 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 \$515,344 (2010 - \$440,480).

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

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2012	\$ 8,060,853
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## 8. Grants:

Grants are received from the following organizations:

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	2011	2010
Ministry of Health and Long-Term Care Division (Social Services)	\$ 61,958	\$ 175,331
United Way of Greater Toronto (Social Services)	40,670	52,884
City of Toronto (Social Services)	-	31,450
Ministry of Culture (New Hellenic Cultural Centre)	-	20,290
Government of Canada - Service Canada, Ontario Region (Social Services)	-	1,803
	<hr/> \$ 102,628	<hr/> \$ 281,758

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# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2011

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## 9. Commitments:

The future minimum annual payments under equipment operating leases are:

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2012	\$ 1,600
2013	1,600
2014	1,500
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	\$ 4,700

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## 10. Contingencies:

- (a) The Organization is contingently liable for letters of credit to the City of Toronto in the amount of \$296,995 (2010 - \$296,995) 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 6) and in the term deposits amounting to \$173,711 (note 2) leaving \$113,284 of letters of credit not yet posted.
- (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.

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2011

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## 11. Other income and other expenses:

	2011	2010
Other income:		
Interest	\$ –	\$ 3,920
Insurance reimbursement	249,000	–
Provincial election rental fees	450	2,350
Miscellaneous	60,481	39,606
	<hr/>	<hr/>
	\$ 309,931	\$ 45,876
Other expenses:		
Uncollectible pledges	\$ –	\$ 22,094
Stale cheques written-off	–	(4,223)
Bad debt	1,733	33,118
Miscellaneous	–	56,347
	<hr/>	<hr/>
	\$ 1,733	\$ 107,336

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2011

## 12. 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												2011	2010		
	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	\$ 38,652	\$ 43,805	\$ 30,921	\$ 25,767	\$ 15,460	\$ 61,841	\$ 61,841	\$ 61,841	\$ 61,841	\$ 25,767	\$ 64,418	\$ 18,037	\$ 510,191	\$ 5,153	\$ 515,344	\$ 440,480
Rent	-	-	54,708	-	-	-	-	-	-	-	-	-	54,708	-	54,708	32,352
Occupancy	3,888	11,890	18,088	3,982	14,155	27,769	31,827	25,427	53,811	12,922	3,451	62,207	269,417	11,145	280,562	289,756
<b>Total</b>	<b>\$ 42,540</b>	<b>\$ 55,695</b>	<b>\$ 103,717</b>	<b>\$ 29,749</b>	<b>\$ 29,615</b>	<b>\$ 89,610</b>	<b>\$ 93,668</b>	<b>\$ 87,268</b>	<b>\$ 115,652</b>	<b>\$ 38,689</b>	<b>\$ 67,869</b>	<b>\$ 80,244</b>	<b>\$ 834,316</b>	<b>\$ 16,298</b>	<b>\$ 850,614</b>	<b>\$ 762,588</b>

# GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Year ended December 31, 2011

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## 13. 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 tax 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.

## 14. Subsequent events:

On May 30, 2012, the Organization sold the land and building of the New Hellenic Cultural Centre for \$4,800,000. Pursuant to this agreement, an agreement was entered into on June 1, 2012 between the Organization and the City of Toronto to reduce development charges owed to \$228,729, to be paid from the proceeds of the sale of the New Hellenic Cultural Centre.