

Financial Statements of

**GREEK COMMUNITY
OF TORONTO**

Eight months ended August 31, 2012
and year ended December 31, 2011



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Greek Community of Toronto, which comprise the statements of financial position as at August 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations, changes in net assets and cash flows for the eight months ended August 31, 2012 and year ended December 31, 2011, 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.



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Basis for Qualified Opinion

In common with many charitable organizations, 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 Greek Community of Toronto.

Therefore, we were not able to determine whether, as at and for the eight months ended August 31, 2012 and year ended December 31, 2011, 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.

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 Greek Community of Toronto as at August 31, 2012, December 31, 2011 and January 1, 2011, and its results of operations and its cash flows for the eight months ended August 31, 2012 and year ended December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

Without modifying our qualified opinion, we draw attention to note 1(a) to the financial statements, which indicates that Greek Community of Toronto incurred an excess of expenses over revenue of \$89,108 during the eight months ended August 31, 2012 and, at that date current liabilities exceeded its current assets by \$6,766,064. These conditions, along with other matters as set forth in note 1(a) in the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Greek Community of Toronto's ability to continue as a going concern.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

December 22, 2012
Toronto, Canada

GREEK COMMUNITY OF TORONTO

Statements of Financial Position

August 31, 2012, December 31, 2011 and January 1, 2011

	August 31, 2012			December 31, 2011			January 1, 2011		
	General Operating Fund	Restricted Fund	Total	General Operating Fund	Restricted Fund	Total	General Operating Fund	Restricted Fund	Total
Assets									
Current assets:									
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,369	\$ 3,369
Term deposit	-	3,011	3,011	-	173,711	173,711	-	173,711	173,711
Accounts receivable (note 2)	22,255	-	22,255	94,062	-	94,062	126,937	-	126,937
Prepaid expenses and other assets	41,387	-	41,387	40,098	-	40,098	24,730	-	24,730
Assets held for sale (note 4)	-	-	-	-	4,800,000	4,800,000	-	-	-
	63,642	3,011	66,653	134,160	4,973,711	5,107,871	151,667	177,080	328,747
Capital assets (note 4)	15,789,793	-	15,789,793	16,148,820	-	16,148,820	16,490,184	6,551,047	23,041,231
	\$ 15,853,435	\$ 3,011	\$ 15,856,446	\$ 16,282,980	\$ 4,973,711	\$ 21,256,691	\$ 16,641,851	\$ 6,728,127	\$ 23,369,978
Liabilities and Net Assets									
Current liabilities:									
Bank indebtedness	\$ 45,740	\$ 7,211	\$ 52,951	\$ 1,155,900	\$ 11,908	\$ 1,167,808	\$ 1,328,160	\$ -	\$ 1,328,160
Accounts payable (notes 5 and 9)	1,018,384	243,226	1,261,610	1,286,470	1,224,282	2,510,752	1,255,524	1,030,467	2,285,991
Bank loans (note 6)	5,400,000	-	5,400,000	2,882,290	5,178,563	8,060,853	3,265,205	4,992,000	8,257,205
Deferred revenue (note 3)	118,156	-	118,156	401,641	-	401,641	366,844	-	366,844
	6,582,280	250,437	6,832,717	5,726,301	6,414,753	12,141,054	6,215,733	6,022,467	12,238,200
Net assets	9,271,155	(247,426)	9,023,729	10,556,679	(1,441,042)	9,115,637	10,426,118	705,660	11,131,778
Going concern (note 1(a))									
Commitments and contingencies (note 8)									
	\$ 15,853,435	\$ 3,011	\$ 15,856,446	\$ 16,282,980	\$ 4,973,711	\$ 21,256,691	\$ 16,641,851	\$ 6,728,127	\$ 23,369,978

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

GREEK COMMUNITY OF TORONTO

Statements of Operations

Eight months ended August 31, 2012 and year ended December 31, 2011

2012	General Operating Fund													Restricted Fund	
	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
Income:															
Donation - special purpose	\$ -	\$ -	\$ -	\$ 13,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,430	\$ -	\$ 13,430
Donation	-	-	-	123,069	-	151,028	195,150	160,724	159,888	-	-	-	789,859	-	789,859
Grants (note 7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donations in kind (note 9)	-	-	-	62,906	-	-	-	-	-	-	-	-	62,906	-	62,906
General income, tuition and service fees	-	-	241,296	-	17,645	67,116	47,971	14,623	44,518	-	101,560	-	534,729	-	534,729
Event	176,062	66,660	-	169,700	-	-	-	-	-	-	-	-	412,422	-	412,422
Programs and activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental	-	-	-	-	-	-	-	-	-	-	-	66,092	66,092	-	66,092
Revenue raising	-	-	-	-	-	-	-	-	-	3,000	-	-	3,000	-	3,000
Other (note 9)	8,194	1,145	8,612	1,351	2,229	3,710	1,521	23,398	5,835	383	258	200	56,836	640,411	697,247
	184,256	67,805	249,908	370,456	19,874	221,854	244,642	198,745	210,241	3,383	101,818	66,292	1,939,274	640,411	2,579,685
Expenses (income):															
Salaries and benefits	18,995	35,644	219,564	66,937	74,528	78,794	57,286	51,772	72,039	9,446	25,326	7,598	717,929	-	717,929
Event	85,575	7,856	-	60,951	-	-	-	-	935	-	-	-	155,317	-	155,317
Programs and activities	-	-	300	-	-	-	-	-	-	-	-	-	300	-	300
Services	385	-	-	-	-	10,635	31,530	1,595	5,621	-	-	-	49,766	249,456	299,222
Supplies	316	8,763	1,851	2,547	632	21,939	15,865	17,760	31,556	-	421	539	102,189	-	102,189
Office and general	17,667	11,468	6,229	46,915	34,694	54,143	54,935	35,479	47,257	(180)	23,584	7,106	339,297	(5,472)	333,825
Occupancy (note 10)	2,040	25,207	61,276	5,679	8,396	34,741	50,008	24,041	66,669	1,676	2,720	89,056	371,509	207,156	578,665
Loss on sale of New Hellenic Cultural Centre	-	-	-	-	-	-	-	-	-	-	-	-	-	101,991	101,991
Donation	-	-	-	780	-	-	-	-	-	-	-	-	780	-	780
Other (note 9)	-	-	9,712	5,600	-	-	-	-	-	-	-	-	15,312	-	15,312
Amortization	-	34,194	33,449	322	5,407	44,636	40,882	27,184	104,600	1,510	-	71,079	363,263	-	363,263
	124,978	123,132	332,381	189,731	123,657	244,888	250,506	157,831	328,677	12,452	52,051	175,378	2,115,662	553,131	2,668,793
Excess of revenue over expenses (expenses over revenue)															
	\$ 59,278	\$ (55,327)	\$ (82,473)	\$ 180,725	\$ (103,783)	\$ (23,034)	\$ (5,864)	\$ 40,914	\$ (118,436)	\$ (9,069)	\$ 49,767	\$ (109,086)	\$ (176,388)	\$ 87,280	\$ (89,108)

GREEK COMMUNITY OF TORONTO

Statements of Operations (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

2011	General Operating Fund												Restricted Fund		
	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
Revenue:															
Donation - special purpose	\$ -	\$ -	\$ -	\$ 89,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,366	\$ -	\$ 89,366	
Donation	1,121	-	-	427,147	-	280,301	259,191	193,467	261,891	-	-	1,423,118	-	1,423,118	
Grants (note 7)	-	-	-	7,688	94,940	-	-	-	-	-	-	102,628	-	102,628	
Donations in kind	-	-	-	40,454	-	-	-	-	-	-	-	40,454	-	40,454	
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	
Event	199,832	82,232	500	250,670	-	-	-	-	3,835	-	-	537,069	-	537,069	
Programs and activities	-	15,840	-	-	-	-	-	-	-	-	-	15,840	-	15,840	
Rental	-	-	-	-	-	-	-	-	-	2,850	-	104,647	-	104,647	
Revenue raising	-	-	-	-	-	-	-	-	-	1,800	-	1,800	-	1,800	
Other (note 9)	-	26	470	9,530	15	-	1,255	44	49,277	-	-	60,624	249,307	309,931	
Gain on sale of Pape	-	-	-	-	-	-	-	-	-	-	-	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	3,509,120	249,307	3,758,427	
Expenses:															
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	1,131,925	1,107	1,133,032	
Event	124,655	52,194	468	126,053	4,263	-	2,964	-	27,852	-	-	338,449	-	338,449	
Programs and activities	-	-	-	-	1,563	-	-	-	-	-	-	1,563	-	1,563	
Services	784	21,014	666	852	4,768	18,707	43,510	5,409	5,271	4,335	558	106,156	5,042	111,198	
Supplies	1,135	3,390	2,230	3,702	442	42,220	39,664	29,379	35,849	829	1,841	161,197	147	161,344	
Revenue raising	2,079	-	3,066	3,667	-	-	-	-	-	-	-	8,812	-	8,812	
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	548,312	33,781	582,093	
Occupancy (note 10)	42,540	55,695	103,717	29,749	29,615	89,610	93,668	87,268	115,652	38,689	67,869	80,244	16,298	850,614	
Amortization	5,760	26,047	39,216	7,685	22,425	59,296	54,097	43,141	167,779	22,765	3,706	547,187	-	547,187	
Building impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	2,041,343	
Other (note 9)	-	-	1,733	-	-	-	-	-	-	-	-	1,733	-	1,733	
	225,505	268,437	463,554	338,134	234,722	405,950	385,111	350,025	539,459	112,939	154,561	3,679,650	2,097,718	5,777,368	
Excess of revenue over expenses (expenses over revenue)															
	\$ (24,552)	\$ (170,339)	\$ (91,257)	\$ 487,271	\$ (102,316)	\$ (31,549)	\$ (25,273)	\$ (142,362)	\$ (185,374)	\$ (108,202)	\$ 39,534	\$ 183,889	\$ (170,530)	\$ (1,848,411)	\$ (2,018,941)

See accompanying notes to financial statements.

GREEK COMMUNITY OF TORONTO

Statements of Changes in Net Assets

Eight months ended August 31, 2012 and year ended December 31, 2011

2012	General Fund	Restricted Fund	Total
Net assets, beginning of year	\$ 10,556,679	\$ (1,441,042)	\$ 9,115,637
Excess of revenue over expenses (expenses over revenue)	(176,388)	87,280	(89,108)
Interfund transfers	(1,109,136)	1,106,336	(2,800)
Net assets, end of year	\$ 9,271,155	\$ (247,426)	\$ 9,023,729

2011	General Fund	Restricted Fund	Total
Net assets, beginning of year	\$ 10,423,318	\$ 708,460	\$ 11,131,778
Excess of expenses over revenue	(170,530)	(1,848,411)	(2,018,941)
Interfund transfers	303,891	(301,091)	2,800
Net assets, end of year	\$ 10,556,679	\$ (1,441,042)	\$ 9,115,637

GREEK COMMUNITY OF TORONTO

Statements of Cash Flows

Eight months ended August 31, 2012 and year ended December 31, 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess of expenses over revenue	\$ (89,108)	\$ (2,018,941)
Items not involving cash:		
Amortization of capital assets	363,263	547,187
Impairment of capital assets	–	2,041,343
Gain on sale of Pape	–	(283,338)
Loss on sale of New Hellenic Cultural Centre	101,991	–
	<u>376,146</u>	<u>286,251</u>
Change in non-cash operating working capital:		
Accounts receivable	71,807	32,875
Prepaid expenses and other assets	(1,289)	(15,368)
Accounts payable	(544,021)	224,761
Accounts write-off (note 9)	(705,121)	–
Deferred revenue	(283,485)	34,797
	<u>(1,085,963)</u>	<u>563,316</u>
Financing activities:		
Payment of bank loans	(2,660,853)	(196,352)
Decrease in bank indebtedness	(1,114,857)	(160,352)
	<u>(3,775,710)</u>	<u>(356,704)</u>
Investing activities:		
Decrease in term deposit	170,700	–
Proceeds on disposal of New Hellenic Cultural Centre	4,800,000	396,270
Purchase of capital assets	(109,027)	(606,251)
	<u>4,861,673</u>	<u>(209,981)</u>
Decrease in cash	–	(3,369)
Cash, beginning of period	–	3,369
Cash, end of period	<u>\$ –</u>	<u>\$ –</u>

See accompanying notes to financial statements.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements

Eight months ended August 31, 2012 and year ended December 31, 2011

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

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

The Organization owns and operates four Greek orthodox churches, a cultural centre and a youth centre.

During the period, the Organization's Board of Directors approved a change to the Organization's fiscal year end, from December 31 to August 31. The Organization is presenting its audited financial statements for the eight months ended August 31, 2012 and for the year ended December 31, 2011.

On January 1, 2012, the Organization adopted Canadian accounting standards for not-for-profit organizations in Part III of The Canadian Institute of Chartered Accountants' Handbook. These are the first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations.

In accordance with the transitional provisions in Canadian accounting standards for not-for-profit organizations, the Organization has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011 and all comparative information provided has been presented by applying Canadian accounting standards for not-for-profit organizations.

A summary of transitional adjustments recorded to net assets and excess of expenses over revenue is provided in note 12.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Going concern:

These financial statements have been prepared on a going concern basis in accordance with Canadian accounting standards for not-for profit organizations. The going concern basis of presentation assumes that the Organization will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Material uncertainties exist that may cast significant doubt about the appropriateness of the use of the going concern assumption because the Organization has experienced a significant excess of expenses over revenue, negative operating cash flows, inability to pay creditors and its liabilities exceeded its current assets.

Management is engaged in negotiations to refinance the Organization's bank loans to long-term liabilities allowing it free up cash to pay its creditors. Management is also in the process of negotiating payment plans with its creditors. These include a deferral of payments and payments spread out over a period of time. Management has already extinguished \$656,238 of accounts payable. An additional \$48,883 was forgiven this period by creditors. Approximately \$310,000 has been negotiated in payment plans.

The ability of the Organization to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the "going concern" assumption used in preparing these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Organization to continue as a going concern.

The financial statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

1. Significant accounting policies (continued):

(b) Capital assets:

Capital assets are recorded at cost. Capital assets acquired prior to January 1, 2011 are recorded at deemed cost, being their fair value at January 1, 2011, the transition date to Canadian accounting standards for not-for-profit organizations (note 12). When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on the declining-balance basis at the following annual rates:

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

Amortization of capital assets acquired during the year is recorded at one-half of the indicated rates.

(c) 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.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

1. Significant accounting policies (continued):

(d) Revenue recognition:

The Organization follows the restricted fund method of accounting for contributions, which include donations and government grants.

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

Externally restricted donations for specific purpose for which no corresponding restricted fund is presented are recorded as revenue in the period the related recognized expenses are incurred. Externally restricted donations for which a corresponding restricted fund is presented is recognized as revenue 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 period end is shown on the statements of financial position as deferred revenue.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the periods. Actual results could differ from those estimates.

The significant areas requiring management's judgment relate to the estimated useful lives of capital assets, 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.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

1. Significant accounting policies (continued):

(f) 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.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

2. Accounts receivable:

	August 31, 2012	December 31, 2011	January 1, 2011
Tuitions	\$ –	\$ 34,800	\$ 2,633
Harmonized sales tax	8,327	36,020	–
Other	13,928	23,242	128,704
	22,255	94,062	131,337
Less allowance for doubtful accounts	–	–	(4,400)
	\$ 22,255	\$ 94,062	\$ 126,937

3. Deferred revenue:

	August 31, 2012	December 31, 2011	January 1, 2011
Deferred tuition fees	\$ –	\$ 219,326	\$ 188,108
Deferred contributions	–	182,315	178,736
Deferred capital contributions	118,156	–	–
	\$ 118,156	\$ 401,641	\$ 366,844

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

4. Capital assets:

August 31, 2012	Cost	Accumulated amortization	Net book value
Virgin Mary Building:			
Land	\$ 1,504,750	\$ –	\$ 1,504,750
Building	6,642,624	2,598,956	4,043,668
Equipment	984,775	859,772	125,003
Thornccliffe Building:			
Land	1,924,729	–	1,924,729
Building	2,867,046	228,034	2,639,012
Parking lot	61,650	10,072	51,578
Computer hardware and software	82,449	42,700	39,749
Furniture	30,370	28,720	1,650
Equipment	19,589	17,559	2,030
Gough Avenue Building:			
Land	656,425	–	656,425
Building	775,044	63,112	711,932
Equipment	86,227	69,734	16,493
Alexander The Great Building:			
Land	772,426	–	772,426
Building	556,128	45,417	510,711
Equipment	19,686	17,952	1,734
Warden Avenue Building:			
Land	1,077,743	–	1,077,743
Building	1,112,257	90,834	1,021,423
Equipment	17,394	15,030	2,364
Sorauren and Galley Houses:			
Land	430,800	–	430,800
Building	278,301	22,728	255,573
	\$ 19,900,413	\$ 4,110,620	\$ 15,789,793

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

4. Capital assets (continued):

December 31, 2011	Cost	Accumulated amortization	Net book value
Virgin Mary Building:			
Land	\$ 1,504,750	\$ —	\$ 1,504,750
Building	6,680,490	2,450,494	4,229,996
Equipment	984,775	834,771	150,004
Thornccliffe Building:			
Land	1,924,729	—	1,924,729
Building	2,829,564	138,212	2,691,352
Parking lot	61,650	8,099	53,551
Computer hardware and software	75,497	35,669	39,828
Furniture	30,368	28,390	1,978
Equipment	19,589	17,200	2,389
Gough Avenue Building:			
Land	656,425	—	656,425
Building	774,575	38,579	735,996
Equipment	86,227	66,434	19,793
Alexander The Great Building:			
Land	772,426	—	772,426
Building	556,128	27,806	528,322
Equipment	19,686	17,605	2,081
Warden Avenue Building:			
Land	1,077,743	—	1,077,743
Building	1,112,257	55,613	1,056,644
Equipment	17,394	14,556	2,838
Sorauren and Galley Houses:			
Land	430,800	—	430,800
Building	281,090	13,915	267,175
	\$ 19,896,163	\$ 3,747,343	\$ 16,148,820
Assets held for sale:			
New Hellenic Cultural Centre:			
Building - construction in progress	\$ 1,694,542	\$ —	\$ 1,694,542
Land	3,105,458	—	3,105,458
	\$ 4,800,000	\$ —	\$ 4,800,000

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

4. Capital assets (continued):

January 1, 2011	Cost	Accumulated amortization	Net book value
New Hellenic Cultural Centre:			
Building - construction in progress	\$ 3,492,198	\$ —	\$ 3,492,198
Land	3,058,847	—	3,058,847
Virgin Mary Building:			
Land	1,504,750	—	1,504,750
Building	6,548,778	2,233,364	4,315,414
Equipment	984,775	797,270	187,505
Thorncliffe Building:			
Land	1,745,729	—	1,745,729
Building	2,447,905	—	2,447,905
Parking lot	61,650	5,281	56,369
Computer hardware and software	29,511	22,915	6,596
Furniture	30,370	27,896	2,474
Equipment	14,439	11,754	2,685
Pape Building:			
Land	215,975	—	215,975
Building	369,218	42,263	326,955
Equipment	2,468	2,183	285
Gough Avenue Building:			
Land	656,425	—	656,425
Building	768,575	—	768,575
Equipment	80,227	61,486	18,741
Alexander The Great Building:			
Land	772,426	—	772,426
Building	556,128	—	556,128
Equipment	19,686	17,085	2,601
Warden Avenue Building:			
Land	1,077,743	—	1,077,743
Building	1,112,257	—	1,112,257
Equipment	17,394	13,847	3,547
Sorauren and Galley Houses:			
Land	430,800	—	430,800
Building	278,301	—	278,301
	\$ 26,276,575	\$ 3,235,344	\$ 23,041,231

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

4. Capital assets (continued):

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 sold. 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.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$54,764 (December 31, 2011 - \$209,844; January 1, 2011 - \$137,391), which include amounts accrued for payroll-related taxes.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

6. Bank loans:

	August 31, 2012	December 31, 2011	January 1, 2011
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	–	22,453	60,965
Non-revolving one-year term loan, repayable at \$28,405 plus interest fixed at 4% per annum	5,400,000	–	–
	\$ 5,400,000	\$ 8,060,853	\$ 8,257,205

The following security cover is provided to the bank to cover the operating line of credit and other loan facilities:

- (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.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

6. Bank loans (continued):

Interest with respect to these loans amounted to \$367,133 (2011 - \$515,344).

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

2013	\$ 5,400,000
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7. Grants:

Grants are received from the following organizations:

	2012	2011
Ministry of Health and Long-Term Care Division (Social Services)	\$ -	\$ 61,958
United Way of Greater Toronto (Social Services)	-	40,670
	\$ -	\$ 102,628

8. Commitments and contingencies:

(a) The future minimum annual payments under equipment operating leases are:

2013	\$ 11,170
2014	11,170
2015	9,956
2016	9,552
	\$ 41,848

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

8. Commitments and contingencies (continued):

- (b) In March 2012, a statement of claim was issued against the Organization. The plaintiff is seeking a total of \$411,000 for goods sold plus damages, pre-judgment interest, post-judgment interest and costs. In May 2012, the Organization served a statement of defence. Management is of the opinion that it is more likely than not an obligation exists and that there will be an outflow of resources. The Organization has accrued \$90,000 in accounts payable.
- (c) In June 2012, a statement of claim was issued against the Organization. The plaintiff is seeking a total of \$162,445 for services provided, interest and other costs. In August 2012, the Organization served a statement of defence. As it is more likely than not an obligation exists and that there will be an outflow of resources, the Organization has accrued \$162,445 in accounts payable.

9. Donations in kind, other income and other expenses:

	2012	2011
Other income:		
Interest	\$ 123	\$ –
Insurance reimbursement	–	249,000
Provincial election rental fees	–	450
Miscellaneous	40,886	60,481
Accounts payable write-off (a)	656,238	–
	<u>\$ 697,247</u>	<u>\$ 309,931</u>
Other expenses:		
Bad debt	\$ 15,312	\$ 1,733

- (a) In the current year, management sought legal representation regarding outstanding payables relating to the New Hellenic Cultural Centre, which was sold on May 30, 2012, and other miscellaneous vendors. It was determined that the Organization's obligations had extinguished as of period end.

Accordingly, the payables were removed from the statements of financial position and recognized as income in the statements of operations.

An additional \$48,883 was recognized as donations in kind in the statements of operations.

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

10. Occupancy expenses:

Occupancy expenses consist of mortgage interest, rent expense and occupancy costs (utilities, repairs and maintenance). These expenses are broken down as follows:

2012	General Operating Fund												Restricted Fund New Hellenic Cultural Centre		
	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	Total	
Mortgage	\$ -	\$ 14,739	\$ 14,385	\$ 135	\$ 2,572	\$ 19,471	\$ 26,545	\$ 14,505	\$ 35,849	\$ 949	\$ -	\$ 36,816	\$ 165,966	\$ 201,168	\$ 367,134
Rent	-	-	36,276	-	-	-	-	-	-	-	-	-	36,276	-	36,276
Occupancy	2,040	10,468	10,615	5,544	5,824	15,270	23,463	9,536	30,820	727	2,720	52,240	169,267	5,988	175,255
Total	\$ 2,040	\$ 25,207	\$ 61,276	\$ 5,679	\$ 8,396	\$ 34,741	\$ 50,008	\$ 24,041	\$ 66,669	\$ 1,676	\$ 2,720	\$ 89,056	\$ 371,509	\$ 207,156	\$ 578,665

2011	General Operating Fund												Restricted Fund New Hellenic Cultural Centre		
	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	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
Rent	-	-	54,708	-	-	-	-	-	-	-	-	-	54,708	-	54,708
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
Total	\$ 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

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

11. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss.

The Organization is exposed to credit risk on its accounts receivable. Its receivables are from fundraising events sponsors and commodity tax rebates. The Organization does not have significant exposure to any individual donor. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its bank loans. This risk is reduced because of the capital assets held.

12. Transitional adjustments:

(a) Transitional adjustments:

(i) Net assets:

The following table summarizes the impact of the transition to Canadian accounting standards for not-for-profit organizations on the Organization's net assets as of January 1, 2011:

Net assets:	
As previously reported under Canadian generally accepted accounting principles, December 31, 2010	\$ 3,585,583
Transition election to record capital assets at fair value	7,546,195
<hr/> Restated, January 1, 2011	<hr/> \$ 11,131,778

GREEK COMMUNITY OF TORONTO

Notes to Financial Statements (continued)

Eight months ended August 31, 2012 and year ended December 31, 2011

12. Transitional adjustments (continued):

In accordance with transitional provisions of Canadian accounting standards for non-for-profit organizations, the Organization has elected to use the following exemptions:

The Organization has elected to measure land and building at January 1, 2011 using the fair value election.

(ii) Excess of expenses over revenue:

The following table summarizes the impact of the transition to Canadian accounting standards for not-for-profit organizations on the Organization's excess of expenses over revenue as of December 31, 2011:

Excess of expenses over revenue:	
As previously reported under Canadian generally accepted accounting principles, December 31, 2011	\$ 1,841,123
Increase in amortization expense as a result of at fair value election on capital assets	177,818
<u>Restated for the year ended December 31, 2011</u>	<u>\$ 2,018,941</u>

(b) Transition elections:

In accordance with first-time adoption provisions of Canadian accounting standards for not-for-profit organizations, the Organization has elected at the transition date, January 1, 2011, to designate all its investments to be measured at fair value.