

ALBION NEIGHBOURHOOD SERVICES

*REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2022*



WALSH & COMPANY
Professional Corporation
Chartered Professional Accountants



INDEPENDENT AUDITORS' REPORT

*To the Board of Directors,
Albion Neighbourhood Services*

Qualified opinion

We have audited the financial statements of Albion Neighbourhood Services, which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Albion Neighbourhood Services as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

As with other similar charitable organizations, Albion Neighbourhood Services derives part of its revenue from the public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues are limited to the amounts recorded in the records of Albion Neighbourhood Services. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenues over expenses, cash flows from operations for the year ended December 31, 2022, current assets as at December 31, 2022, and net assets as at December 31, 2022. The audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Albion Neighbourhood Services in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of management and those charged with governance 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.

In preparing the financial statements, management is responsible for assessing Albion Neighbourhood Services' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Albion Neighbourhood Services or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Albion Neighbourhood Services' financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Albion Neighbourhood Services' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Albion Neighbourhood Services' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Albion Neighbourhood Services to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Walsh & Company Professional Corporation

Chartered Professional Accountants

Authorized to practise public accounting by

The Chartered Professional Accountants of Ontario

Toronto, Ontario

May 17, 2023



WALSH & COMPANY
Professional Corporation
Chartered Professional Accountants

ALBION NEIGHBOURHOOD SERVICES

(Incorporated under the Business Corporations Act - Ontario)

STATEMENT OF FINANCIAL POSITION

As at December 31,

	2022	2021 (Note 2)
ASSETS		
Current		
Cash	\$ 2,302,197	\$ 2,434,584
Accounts receivable (Note 4)	147,526	376,044
Other receivable	25,036	27,013
Prepaid expenses and deposits	72,151	7,854
	2,546,910	2,845,495
Capital assets (Note 5)	53,196	67,233
	\$ 2,600,106	\$ 2,912,728
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 158,204	\$ 126,011
Funds held in trust (Note 7)	27,005	22,140
Deferred contributions (Note 8)	454,349	671,151
	639,558	819,302
NET ASSETS		
Internally restricted (Note 9)	-	33,621
Unrestricted	1,960,548	2,059,805
	1,960,548	2,093,426
	\$ 2,600,106	\$ 2,912,728

On behalf of the Board

_____ Director

_____ Director

ALBION NEIGHBOURHOOD SERVICES

STATEMENT OF OPERATIONS

For the year ended December 31,

	2022	2021 (Note 2)
Revenue		
City of Toronto	\$ 2,562,451	\$ 2,437,700
United Way	806,447	701,794
Province of Ontario	521,215	382,391
Federal contributions	72,084	-
User fees	53,555	16,055
Foundations	46,999	75,455
Donations and fundraising	42,002	58,496
Donations in-kind (Note 10)	78,750	78,750
Interest income	13,749	4,086
	4,197,252	3,754,727
Expenses		
Salaries, wages and benefits	3,253,784	2,936,109
Programs	510,007	410,227
Occupancy (Note 10)	281,927	266,395
Office supplies and general	163,234	110,696
Automobile and travel	17,741	25,429
Telephone	21,049	19,116
Volunteers	14,439	10,182
Professional fees	15,082	8,315
Amortization	14,037	4,802
Advertising and promotion	8,955	3,376
Training	29,875	2,860
	4,330,130	3,797,507
Excess of expenses over revenues before undernoted	(132,878)	(42,780)
Government subsidies	-	935,051
Excess of (expenses over revenues) revenue over expenses for the year	\$ (132,878)	\$ 892,271

ALBION NEIGHBOURHOOD SERVICES

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31,

	2022			2021
	Internally restricted	Unrestricted	Total	Total
Net assets, beginning of year	\$ 33,621	\$ 2,059,805	\$ 2,093,426	\$ 1,201,155
Interfund transfer (Note 9)	(33,621)	33,621	-	-
Excess of (expenses over revenues) revenue over expenses for the year	-	(132,878)	(132,878)	892,271
Net assets, end of year	\$ -	\$ 1,960,548	\$ 1,960,548	\$ 2,093,426

ALBION NEIGHBOURHOOD SERVICES

STATEMENT OF CASH FLOWS

For the year ended December 31,

	2022	2021 (Note 2)
Cash provided by (used in):		
Operating activities		
Excess of (expenses over revenues) revenue over expenses for the year	\$ (132,878)	\$ 892,271
Add item not affecting cash:		
Amortization	14,037	4,802
	(118,841)	897,073
Net change in non-cash working capital amounts:		
Accounts receivable	228,518	195,098
Other receivable	1,977	(7,697)
Prepaid expenses and deposits	(64,297)	704
Accounts payable and accrued liabilities	32,193	25,470
Funds held in trust	4,865	8,276
Deferred contributions	(216,802)	148,833
	(132,387)	1,267,757
Investing activity		
Purchase of capital assets	-	(72,035)
Net (decrease) increase in cash during the year	(132,387)	1,195,722
Cash, beginning of the year	2,434,584	1,238,862
Cash, end of the year	\$ 2,302,197	\$ 2,434,584

ALBION NEIGHBOURHOOD SERVICES

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

1. *Purpose of the Organization*

Albion Neighbourhood Services (the "Organization") works in partnership with the community to enhance peoples' lives through the delivery of programs, services and supports that are engaging, accessible and responsive.

The Organization was incorporated, without share capital, under the Business Corporations Act - Ontario on July 27, 1971. The Organization is exempt from income taxes and is registered as a charitable organization under the Canadian Income Tax Act.

2. *Prior period adjustments*

The Organization recorded two prior period adjustments in the previous year to reflect correction in the timing of government subsidies and in-kind contributions. As a result, the following financial statements items have been increased by the following amounts:

Statement of financial position as at December 31, 2021

Accounts receivable	\$100,749
Retained earnings	\$100,749

Statement of operations for the year ended December 31, 2021

Donations in-kind	\$42,250
Occupancy	\$42,250
Government subsidies	\$100,749

3. *Summary of significant accounting policies*

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

3. Summary of significant accounting policies (continued)

Revenue recognition

Investment income is recognized as revenue when earned.

Cash

The Organization's policy is to present cash balances including cash on hand, balances with the bank, term deposits and funds held in trust.

Capital assets

Capital assets are recorded at cost and amortized over their useful lives using the straight line method at the following rate:

Vehicles - 5 years

Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Donations in-kind

The Organization receives some items at no cost. The items include donations of a secondary office space and other goods at no cost. These items are recorded at management's best estimate of fair market value and included in donations in-kind revenue and expense.

Contributed services and materials

Volunteers contribute significant time and materials to assist the Organization in carrying out its mandate. Because these services are not normally purchased by the Organization and due to the difficulty in determining their fair value, donated services and materials are not recognized in these statements.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the reported amounts of revenue and expenses during the reported period. Such estimates include donations in-kind, in-kind expenditures and useful lives of capital assets. On an ongoing basis, management reviews its estimates, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results could differ from those known.

ALBION NEIGHBOURHOOD SERVICES

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

3. *Summary of significant accounting policies (continued)*

Financial instruments

Measurement

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include accounts receivable and other receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred contributions.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. Any previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

4. *Accounts receivable*

Accounts receivable are presented net of the allowance for doubtful accounts of \$Nil (2021 - \$Nil).

5. *Capital assets*

	2022		2021	
	Cost	Accumulated Amortization	Net Carrying Value	Net Carrying Value
Vehicles	\$ 72,035	\$ 18,839	\$ 53,196	\$ 67,233

6. *Government remittances*

Accounts payable and accrued liabilities includes \$37,555 (2021 - \$28,365) for government remittances.

ALBION NEIGHBOURHOOD SERVICES

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

7. *Funds held in trust*

The Organization holds funds in trust as part of its housing trusteeship program. Trust funds are not the assets of the Organization and are held on the behalf of clients, therefore, are not available to the Organization for any operational purpose. As at December 31, 2022, the Organization had \$27,005 (2021 - \$22,140) held in the trust account.

8. *Deferred contributions*

	Balance, January 1, 2022	Amount received in the year	Recognized as revenue in the year	Balance, December 31, 2022	Balance, December 31, 2021
Programs	\$ 603,918	\$ 3,637,868	\$(3,873,133)	\$ 368,653	\$ 603,918
Vehicles	67,233	32,500	(14,037)	85,696	67,233
	\$ 671,151	\$ 3,670,368	\$(3,887,170)	\$ 454,349	\$ 671,151

9. *Interfund transfer*

The Board of Directors carried out a transfer from the internally restricted fund to the unrestricted fund. The internally restricted fund amounts were available for the purchase of capital assets and was deemed not necessary by the Board of Directors.

10. *Donations in-kind*

The Organization receives donations of goods and services which are used to provide key programming and administration. The in-kind donations received in the year were the following:

	2022	2021
Occupancy	\$ 78,750	\$ 78,750

ALBION NEIGHBOURHOOD SERVICES

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

11. *Summer camp program revenue and expenses*

The following revenue and expenses for the summer camp programs have been requested to be disclosed by the City of Toronto:

	2022	2021
Revenues		
Government of Canada	\$ 36,555	\$ -
City of Toronto	27,000	18,621
Foundations	13,145	11,830
Other agencies	10,949	-
User fees	393	4,245
	88,042	34,696
Expenses		
Salaries, wages and benefits	54,314	21,405
Programs	29,130	8,499
Administration	3,500	-
Training	598	195
Office	500	-
	88,042	30,099
Revenues over expenses	\$ -	\$ 4,597

12. *Government subsidies*

Total government assistance in the form of subsidies for salaries, wages and rent recorded during the year was \$Nil (2021 - \$935,051), of which \$Nil (2021 - \$193,880) was outstanding at year-end and included in accounts receivable. The subsidies are not subject to any specific terms when received.

13. *Lease commitments*

The Organization is committed to minimum annual payments on operating leases as follows:

	Total	Premise	Equipment
2023	\$ 53,967	\$ 47,559	\$ 6,408
2024	50,529	47,559	2,970
	\$ 104,496	\$ 95,118	\$ 9,378

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

14. Financial instruments

Risks and concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of risk exposure and concentrations at the statement of financial position date.

Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is the board's opinion that the Organization is not exposed to these risks.