

UNIVERSITY SETTLEMENT

Financial Statements

Years ended December 31, 2012 and 2011

UNIVERSITY SETTLEMENT

Index to the Financial Statements

December 31, 2012 and 2011

	PAGE
INDEPENDENT AUDITOR'S REPORT.....	1
STATEMENT OF FINANCIAL POSITION.....	2
STATEMENT OF CHANGES IN NET ASSETS.....	3
STATEMENT OF REVENUE AND EXPENSES.....	4
STATEMENT OF CASH FLOWS.....	5
NOTES TO THE FINANCIAL STATEMENTS.....	6 - 18
SCHEDULES OF REVENUE, EXPENSES AND ALLOCATION.....	
ADMINISTRATION.....	19
MAINTENANCE.....	20
RECREATION AND WELLNESS.....	21
DAY CARE.....	22
SENIORS, SETTLEMENT & SOCIAL SERVICES (S & SS) AND NEWCOMER SETTLEMENT PROGRAM (NSP).....	23
OUT OF THE COLD (OOTC).....	24
LANGUAGE INSTRUCTION FOR NEWCOMERS TO CANADA/IMMIGRANT SETTLEMENT AND ADAPTATION PROGRAM (LINC/ISAP).....	25
MUSIC AND ARTS SCHOOL.....	26
EMPLOYMENT AND TRAINING.....	27
ENGLISH AS A SECOND LANGUAGE (ESL)/YOUTH TUTORIAL PROGRAM (YTP).....	28
GOVERNMENT REVENUE.....	29



INDEPENDENT AUDITOR'S REPORT

To the Members of University Settlement

We have audited the accompanying financial statements of University Settlement, which comprise the statement of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statement of revenue and expenses, statement of changes in net assets and statement of cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's and Directors' Responsibility for the Financial Statements

Management and directors are 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.

Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the Settlement'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 Settlement'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 audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of University Settlement as at December 31, 2012, December 31, 2011 and January 1, 2011, and its financial performance and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Adams & Miles LLP

Chartered Accountants
Licensed Public Accountants

Brampton, Canada
May 23, 2013

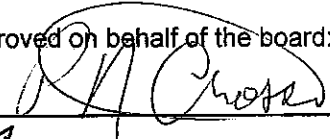
UNIVERSITY SETTLEMENT

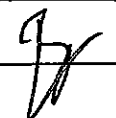
Statement of Financial Position

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

	Operating Fund	Special Funds (Note 8)	December 31, 2012	December 31, 2011 (Note 3)	January 1, 2011 (Note 3)
Assets					
Current					
Cash	\$ 345,282	\$ 163,139	\$ 508,421	\$ 302,763	\$ 168,190
Short-term investments (Note 4)	-	198,726	198,726	303,853	270,549
Government grants receivable	488,184	-	488,184	435,425	451,528
Accounts receivable	39,620	-	39,620	28,833	27,253
Prepaid expenses	89,418	-	89,418	85,888	20,329
	962,504	361,865	1,324,369	1,156,762	937,849
Investments (Note 5)	-	515,046	515,046	540,008	664,614
Capital assets (Note 6)	3,641	-	3,641	3,641	8,565
	\$ 966,145	\$ 876,911	\$ 1,843,056	\$ 1,700,411	\$ 1,611,028
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ 264,892	\$ -	\$ 264,892	\$ 270,966	\$ 185,056
Government taxes payable	14,001	-	14,001	14,001	14,001
Deferred capital assets (Note 6)	-	-	-	541	5,465
Deferred grants and fees (Note 7)	266,810	-	266,810	196,202	236,822
	545,703	-	545,703	481,710	441,344
Net assets					
Invested in capital assets (Note 6)	3,641	-	3,641	3,100	3,100
Unrestricted	416,801	-	416,801	357,559	327,997
Endowments (Note 8)	-	40,903	40,903	40,353	39,853
Restricted externally (Note 8)	-	192,129	192,129	189,884	182,179
Restricted Internally (Note 8)	-	643,879	643,879	627,805	616,555
	420,442	876,911	1,297,353	1,218,701	1,169,684
	\$ 966,145	\$ 876,911	\$ 1,843,056	\$ 1,700,411	\$ 1,611,028

Approved on behalf of the board:


 _____ Director


 _____ Director

UNIVERSITY SETTLEMENT

Statement of Changes in Net Assets

Years Ended December 31, 2012 and 2011

	Invested in capital assets	Unrestricted (Note 3)	Endowments	Restricted externally	Restricted internally	Total 2012	Total 2011
Balance, beginning of year	\$ 3,100	\$ 357,559	\$ 40,353	\$ 189,884	\$ 627,805	\$ 1,218,701	\$ 1,169,684
Excess of revenue over expenditures	-	59,783	550	2,245	16,074	78,652	49,017
Inter-fund transfer	541	(541)	-	-	-	-	-
Balance, end of year	\$ 3,641	\$ 416,801	\$ 40,903	\$ 192,129	\$ 643,879	\$ 1,297,353	\$ 1,218,701

UNIVERSITY SETTLEMENT

Statement of Revenue and Expenses

Years Ended December 31, 2012 and 2011

	Operating Fund	Special Funds (Note 8)	Total 2012	Total 2011
Revenue				
Federal government grants (schedule)	\$ 1,438,477	\$ -	\$ 1,438,477	\$ 1,560,165
City of Toronto fees (schedule)	1,214,011	-	1,214,011	1,167,309
Fees for services	1,112,361	-	1,112,361	1,062,164
City of Toronto grants (schedule)	617,093	-	617,093	601,644
United Way contribution	347,544	-	347,544	346,025
Provincial government grants (schedule)	202,599	-	202,599	206,106
Fundraising and foundation contributions	117,619	6,209	123,828	121,379
Other	63,072	-	63,072	93,904
Rental income	47,862	-	47,862	35,133
Interest income	1,009	23,356	24,365	24,844
Productive enterprises	17,965	-	17,965	12,203
Amortization of deferred contributions (Note 6)	541	-	541	4,924
	5,180,153	29,565	5,209,718	5,235,800
Expenses				
Salaries (Note 9)	3,570,390	-	3,570,390	3,620,885
Benefits	523,425	-	523,425	507,980
Rent	261,667	-	261,667	255,448
Program costs	242,546	-	242,546	225,446
Office	155,032	-	155,032	155,018
Other purchased services	74,080	-	74,080	84,996
Other	41,321	10,696	52,017	59,684
Food services	67,946	-	67,946	73,707
Insurance	62,157	-	62,157	60,583
Promotion and publicity	38,041	-	38,041	42,817
Audit and legal fees	26,705	-	26,705	33,625
Cleaning supplies	25,911	-	25,911	23,692
Recruitment and staff training	23,216	-	23,216	28,981
Amortization	-	-	-	4,924
Transportation	7,933	-	7,933	8,997
	5,120,370	10,696	5,131,066	5,186,783
Excess of revenue over expenses	\$ 59,783	\$ 18,869	\$ 78,652	\$ 49,017

UNIVERSITY SETTLEMENT

Statement of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in)		
Operating activities		
Cash receipts from		
Federal government grants	\$ 1,424,117	\$ 1,544,839
City of Toronto	1,824,614	1,773,783
Fees for services	1,147,291	1,051,431
Provincial government grants	205,547	207,911
Fundraising and foundation contributions	469,325	451,897
Other	82,737	95,735
Investment income received	474	4,304
Cash paid to suppliers	(986,954)	(999,121)
Cash paid to employees	(4,110,451)	(4,106,963)
	56,700	23,816
Investing activities		
Net contributions of cash for endowments and restricted funds	18,869	19,455
Proceeds from investment activity	130,089	91,302
	148,958	110,757
Change in cash position	205,658	134,573
Cash, beginning of year	302,763	168,190
Cash, end of year	\$ 508,421	\$ 302,763

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

1. Purpose of the organization

University Settlement ("the Settlement") is incorporated without share capital under the laws of the Province of Ontario. The Settlement provides social, educational, recreational and cultural services to the people living and working in the West Central Downtown Toronto community and the North York community. The Settlement is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met. The Settlement operates a number of externally restricted funds according to the terms of contributors.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The preparation of these 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. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported as revenue or expenses in the Statement of Revenue and Expenses in the year in which they become known.

Fund accounting

The accounts of the Settlement are maintained in accordance with the principles of fund accounting and accordingly the resources are classified for accounting and reporting purposes into funds determined by the purpose for which those funds are held. The Settlement follows the restricted fund method of accounting for contributions. The types of funds held are:

Operating Fund - Revenue and expenses related to services provided are reported in the Operating Fund. Unrestricted contributions are recognized as revenue in the year they are earned.

Special Funds - The special funds include endowment, internally restricted and externally restricted funds. The endowment fund reports contributions that are subject to the requirement that the principal remain intact and invested to create a source of income for the Settlement. Endowment contributions are recognized as revenue of the endowment fund. Internally and externally restricted contributions are recognized as revenue in the appropriate fund in the year they are earned. All fund expenses are recognized in the appropriate fund in the year to which they relate.

Refer to Note 8 for details regarding these funds.

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

2. Summary of significant accounting policies- cont'd

Revenue recognition

The Settlement is funded by the members of the community, the United Way and by Federal, Provincial and Municipal government grants. These financial statements reflect agreed arrangements approved by each level of government with respect to the year ended December 31, 2012.

Unrestricted grants and contributions are recognized in the Statement of Revenue and Expenses as revenue in the year it is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred. Where a portion of a grant relates to a future year, it is deferred and recognized as revenue in subsequent years. Grants received for the purchase of capital assets are recognized into revenue of the operating fund over the same number of years that the related capital assets are amortized into operations.

Revenue from fees and rentals is recognized when the services are provided.

Investment income includes interest, realized gains and losses on sale of investments and unrealized gains and losses on investments owned at year-end. The interest is recognized as it is earned over the life of the investment.

Contributed services

A substantial number of volunteers contribute a significant amount of their time to the Settlement each year. Due to the difficulty of determining the fair value of contributed services, these are not recognized in these financial statements.

Capital assets and leasehold interest (building)

Significant assets are capitalized and amortized over their expected useful life on a straight-line basis. Repairs and maintenance costs are charged to expenses as incurred. Leasehold interest (building) is recorded at nominal value.

Investments

Investments consist of marketable securities, bonds, guaranteed investment certificates (GICs) and money market mutual funds.

The investments are recorded at fair value and are referenced to published price quotations in an active market at year-end.

Transactions costs associated with the acquisition of investments are either capitalized and included in the acquisition costs or applied to reduce proceeds on disposal, as appropriate. Investment fees are expensed when incurred.

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

2. Summary of significant accounting policies- cont'd

Financial instruments

The Settlement initially measures its financial assets and financial liabilities at fair value.

The Settlement subsequently measures its financial assets and financial liabilities at amortized cost, except for investments quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, government grants receivable and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Allocation of United Way contributions

United Way contributions have been allocated to the programs based on their needs and budget allocation. In accordance with the United Way's funding policy, no contribution from the United Way is allocated to the Day Care program.

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

2. Summary of significant accounting policies- cont'd

Allocation of administrative and maintenance expenses

In 2012, the net administrative expenses for administrative staff salaries, building occupancy, office, recruitment costs, promotion and publicity, purchased services, staff training, and transportation and miscellaneous costs were allocated equally across the various programs based on the rationale that these costs are associated with contributing to the agency as a whole and are not geared towards any specific or particular department.

Other administrative expenses, including photocopier, postage and courier, and bank charges were allocated to the various programs based on the estimated usage of these expenses by the various administrative staff on the various programs.

The Language department is charged a set administrative cost as the department is primarily funded by a single funder and does not generate enough revenue to be charged fully for its administrative costs.

	Administrative Maintenance		Total	Total
	time spent	allocation	2012	2011
	2012	2012		
Recreation and Wellness	\$ 113,211	\$ 465	\$ 113,676	\$ 98,205
Day Care	83,077	341	83,418	86,770
Seniors, Settlement & Social Services Program	57,212	235	57,447	55,759
Newcomer Settlement Program	-	-	-	2,196
Out of the Cold	76,355	314	76,669	77,426
ESL/YTP	14,725	60	14,785	15,911
Music and Arts School	65,699	270	65,969	65,352
Employment and training	66,691	-	66,691	66,301
	\$ 476,970	\$ 1,685	\$ 478,655	\$ 467,920

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

3. Impact of the change in the basis of accounting

The Settlement has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian accounting standards for non-profit organizations.

These financial statements are the first financial statements for which the Settlement has applied Canadian accounting standards for not-for-profit organizations.

The financial statements for the years ended December 31, 2012 and December 31, 2011 were prepared in accordance with the accounting principles and provisions set out in First-time Adoption, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards were accounted for in net assets at January 1, 2011.

The Canadian accounting standards for not-for-profit organizations require that unrealized gains and losses on marketable securities be recorded in the statement of operations. The following adjustments have been made:

(a) Adjustments to net assets at January 1, 2011:

	Unrestricted Surplus Fund	Unrealized Gains on Investments
Net assets, as previously reported at December 31, 2010	\$ 320,383	\$ 7,614
Reallocation	7,614	(7,614)
Net assets, as adjusted January 1, 2011	\$ 327,997	\$ -

(b) Reconciliation of previously reported 2011 excess of revenue over expenses with the amount for 2011 shown in these financial statements:

Excess of revenue over expenses, as previously reported at December 31, 2011	\$ 51,096
Add:	
Decrease in unrealized gains on investments	(2,079)
Excess of revenue over expenses, as adjusted at December 31, 2011	\$ 49,017

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

3. Impact of the change in the basis of accounting- cont'd

- (c) Reconciliation of previously reported 2011 change in cash position as presented in the statement of cash flows with the amount for 2011 shown in these financial statements:

Change in cash position, as previously reported at December 31, 2011	\$	134,573
Increase in excess of revenue over expenses		2,079
Decrease in change in unrealized gains on investments		(2,079)
<hr/>		
Change in cash position, as adjusted December 31, 2011	\$	134,573

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

4. Short-term investments

Description	Maturity	Interest	December 31, 2012	December 31, 2011	January 1, 2011
GICs Bank of Montreal	Nov 2013	1.20%	\$ 128,074	\$ -	\$ -
Bond	Sep 2013	5.05%	70,652	-	-
GICs	Feb 2011 to Dec 2011	1.25% to 4.46%	-	303,853	-
Citigroup Bond	Jul 2011	5.10%	-	-	76,167
GICs	Feb 2011 to Dec 2011	0.75% to 4.35%	-	-	194,382
	-	-	\$ 198,726	\$ 303,853	\$ 270,549

The above investments are in a general investment pool and are allocated as follows:

	December 31, 2012	December 31, 2011	January 1, 2011
Operating fund	\$ -	\$ -	\$ 81,573
Special funds	198,726	303,853	188,976
	\$ 198,726	\$ 303,853	\$ 270,549

The cost of investments plus accrued interest as at year-end was \$199,041 (December 31, 2011 - \$303,853; January 1, 2011 - \$272,226).

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

5. Investments - long-term

	Maturity	Interest	December 31, 2012	December 31, 2011	January 1, 2011
GICs	Apr 2014 to Jun 2015	1.10% to 3.65%	\$ 204,304	\$ 153,231	\$ 277,455
Bonds	Dec 2014 to Dec 2019	4.10% to 4.90%	237,961	318,737	311,764
Equity investments		-	72,781	68,040	75,395
	\$ -	\$ -	\$ 515,046	\$ 540,008	\$ 664,614

The above investments are in a general investment pool and are allocated as follows:

	December 31, 2012	December 31, 2011	January 1, 2011
Special funds	\$ 515,046	\$ 540,008	\$ 664,614

The cost of investments plus accrued interest as at year-end was \$515,874 (December 31, 2011 - \$538,945; January 1, 2011 - \$660,866).

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

6. Capital assets

	Cost	2012 Accumulated Amortization	Net Book Value	2011 Net Book Value	2010 Net Book Value
Leasehold interest (building)	\$ 1	\$ -	\$ 1	\$ 1	\$ 1
Paved parking lot	3,640	-	3,640	3,640	3,640
Gym equipment	-	-	-	-	4,924
	\$ 3,641	\$ -	\$ 3,641	\$ 3,641	\$ 8,565

In 1958, the Settlement conveyed to the City of Toronto (the "City") the land at 23 Grange Road. In return, the City built the recreation centre, which is now operated by the Settlement. If at that time the agreement was terminated, the Settlement was to be paid \$90,000 as compensation for the property. The City also agreed to pay the annual maintenance expenses incurred at the building and the City paid \$260,300 (2011 - \$260,300) for maintenance of the building. Expenses of \$269,474 (2011 - \$273,800) were incurred in 2012 including staff salaries, benefits and maintenance supplies.

Deferred contributions related to capital assets represent the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Revenue and Expenses.

	December 31, 2012	December 31, 2011	January 1, 2011
Balance, beginning of year	\$ 541	\$ 5,465	\$ 12,853
Less amounts amortized to revenue	541	4,924	7,388
Less current portion of deferred revenue	-	541	5,465
Total	\$ -	\$ -	\$ -

	December 31, 2012	December 31, 2011	January 1, 2011
Capital assets	\$ 3,641	\$ 3,641	\$ 8,565
Less deferred capital assets - current	-	541	5,465
Total	\$ 3,641	\$ 3,100	\$ 3,100

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

7. Deferred contributions

The deferred grants and fees represent funding received in the current year that relate to subsequent years.

	December 31, 2012	December 31, 2011	January 1, 2011
Various government grants - Federal, Provincial and City of Toronto	\$ 89,463	\$ 64,409	\$ 95,254
Government grant - Provincial (Newcomer Settlement Program)	13,956	13,954	13,289
Foundation grants	58,238	35,175	29,677
User fees	105,153	82,664	98,602
	<u>\$ 266,810</u>	<u>\$ 196,202</u>	<u>\$ 236,822</u>

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

8. Restrictions on net assets

	2011	Interest earned	Contri- butions	Expenses	Inter-fund transfer	2012
Endowments						
<i>Music and Arts</i>						
Sylvia Schwartz	\$ 9,819	\$ 269	\$ -	\$ (269)	\$ -	\$ 9,819
Shiu-Shum Lo Memorial	16,125	438	550	(438)	-	16,675
Margaret Grant	5,263	144	-	(144)	-	5,263
W.G. Hall Memorial	4,392	120	-	(120)	-	4,392
<i>Recreation - Youth Leadership</i>						
Mary Fraser	4,754	130	-	(130)	-	4,754
	40,353	1,101	550	(1,101)	-	40,903
Restricted externally						
<i>Music and Arts</i>						
General	77,203	2,114	-	(2,114)	-	77,203
Florence & David Steinhauer	14,925	408	-	(408)	-	14,925
Mark Hill Memorial	7,705	211	200	(211)	-	7,905
Madeleine Emma Lasserre	2,267	62	-	(62)	-	2,267
<i>Recreation - Youth Leadership</i>						
Robert Kauppinen	5,577	153	-	(153)	-	5,577
Marshall A. Golden Memorial	5,130	151	-	(151)	-	5,130
<i>Other Programs</i>						
Subsidies and programs	77,077	2,045	-	-	-	79,122
	189,884	5,144	200	(3,099)	-	192,129
Restricted internally						
<i>Recreation - Camp</i>						
General Camp	395,962	10,765	-	-	-	406,727
Edward Roth	2,611	71	-	-	-	2,682
<i>Recreation - Children & Youth</i>						
Ethyle M. Start	74,882	2,051	-	(2,051)	-	74,882
Youth Program	42,813	1,173	-	(1,173)	-	42,813
<i>Scholarship</i>						
General Scholarship	40,199	1,101	-	(1,101)	-	40,199
<i>Music and Arts</i>						
Music Instrument	3,369	90	5,459	(311)	-	8,607
<i>General</i>						
Fanny V. Birdsall	32,942	902	-	(902)	-	32,942
Elizabeth J. Clarry	6,371	174	-	(174)	-	6,371
Mary Margaret Slater	6,371	174	-	(174)	-	6,371
Emil First	1,172	32	-	(32)	-	1,172
90th Anniversary	15,823	433	-	(433)	-	15,823
<i>Senior Citizen Fund</i>						
Cho-Tsing-Cheung	5,290	145	-	(145)	-	5,290
	627,805	17,111	5,459	(6,496)	-	643,879
Total	\$ 858,042	\$ 23,356	\$ 6,209	\$(10,696)	\$ -	\$ 876,911

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

9. Wage subsidy

The Settlement has received the following amounts for wage subsidies from the City of Toronto's Children's Service.

	2012	2011
Wage subsidies received	\$ 131,359	\$ 131,359
Wage subsidies expensed	(131,359)	(131,359)
	\$ -	\$ -

In addition, the Settlement received \$34,104 (2011 - \$34,104) regarding pay equity for the years 1999 - 2005 and wage improvement of \$17,528 (2011 - \$17,528). These amounts were expensed in the current year.

10. Lease commitments

The Settlement is committed to the following premise leases with minimum annual payments as follows:

2013	\$ 182,646
2014	37,174

The Settlement is responsible for a proportionate share of building operating costs.

11. Subsequent event

Subsequent to year-end, the Settlement terminated an employee and entered into negotiations regarding severance compensation. The amount of any potential severance compensation is not currently determinable and any severance compensation will be recorded in the statement of revenue and expenses in the year it becomes known.

UNIVERSITY SETTLEMENT

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

12. Financial instruments

The Settlement is exposed to the following risks in respect of certain types of the financial instruments held:

Interest rate risk

The Settlement manages the interest rate price risk exposure of its fixed income investments by using a laddered portfolio with varying terms of maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations. Investments in equity securities are not exposed to significant interest rate risk.

13. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Years Ended December 31, 2012 and 2011

Administration

	2012	2011
Revenue		
Federal government grants	\$ 2,365	\$ 2,327
City of Toronto fees	18,374	16,827
City of Toronto grants	-	3,600
United Way contribution	3,108	5,394
Provincial government grants	24,761	24,761
Fundraising and foundation contributions	51,078	45,331
Other	61,748	81,013
Rental income	47,742	34,823
Investment income	1,009	1,211
	210,185	215,287
Expenses		
Salaries	362,510	351,058
Benefits	58,423	51,723
Office	83,499	82,719
Other purchased services	53,854	66,972
Other	752	372
Insurance	59,447	57,873
Promotion and publicity	26,074	22,457
Audit and legal fees	26,705	33,625
Recruitment and staff training	15,483	12,089
Transportation	408	387
	687,155	679,275
Net administration expense for allocation	\$ (476,970)	\$ (463,988)
Expense allocation to programs		
Recreation and Wellness	\$ 113,211	\$ 97,170
Day Care	83,077	85,856
Seniors, Settlement & Social Services	57,212	55,139
Newcomer Settlement	-	2,206
Out of the Cold	76,355	76,610
ESL/YTP	14,725	15,744
Music and Arts School	65,699	64,664
Employment and Training	66,691	66,599
	\$ 476,970	\$ 463,988

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Years Ended December 31, 2012 and 2011

Maintenance

	2012	2011
Revenue		
City of Toronto grants	\$ 260,300	\$ 260,300
Provincial government grants	7,489	7,490
	267,789	267,790
Expenses		
Salaries	204,682	212,181
Benefits	28,827	27,152
Program costs	59	9,009
Office	263	584
Other	10,189	-
Insurance	2,710	2,710
Cleaning supplies	22,719	21,702
Recruitment and staff training	-	458
Transportation	25	4
	269,474	273,800
Net maintenance expense for allocation	\$ (1,685)	\$ (6,010)
Expense allocation to programs		
Recreation and Wellness	\$ 465	\$ 1,470
Day Care	341	1,298
Seniors, Settlement & Social Services	235	867
Out of the Cold	314	1,159
ESL/YTP	60	238
Music and Arts School	270	978
	\$ 1,685	\$ 6,010

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Years Ended December 31, 2012 and 2011

Recreation and Wellness

	2012	2011
Revenue		
Federal government grants	\$ 88,712	\$ 92,634
City of Toronto fees	19,967	19,223
Fees for services	296,310	283,045
City of Toronto grants	88,881	87,732
United Way contribution	29,928	29,928
Provincial government grants	30,363	30,363
Fundraising and foundation contributions	12,325	14,500
Amortization of deferred contributions	541	4,924
	567,027	562,349
Expenses		
Salaries	404,551	428,831
Benefits	46,261	53,159
Program costs	80,520	54,303
Office	1,111	822
Other purchased services	10,445	8,615
Other	2,261	2,265
Promotion and publicity	2,534	4,593
Recruitment and staff training	1,436	2,804
Amortization	-	4,924
Transportation	-	161
	549,119	560,477
Allocation of indirect expenses		
Administrative expenses	113,211	97,170
Space usage	-	-
Maintenance expenses	465	1,470
Total indirect costs allocated	113,676	98,640
Program operating deficit	(95,768)	(96,768)
United Way allocation	105,701	104,000
Excess of revenue over expenses	\$ 9,933	\$ 7,232

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Years Ended December 31, 2012 and 2011

Day Care

	2012	2011
Revenue		
City of Toronto fees	\$ 170,927	\$ 184,763
Fees for services	604,329	582,414
City of Toronto grants	185,892	182,992
Fundraising and foundation contributions	120	2,057
Other	-	311
	961,268	952,537
Expenses		
Salaries	721,300	703,615
Benefits	129,804	118,290
Program costs	13,424	15,341
Other purchased services	468	468
Food services	28,612	40,216
Recruitment and staff training	2,143	3,727
Transportation	5	54
	895,756	881,711
Allocation of indirect expenses		
Administrative expenses	83,077	85,856
Maintenance expenses	341	1,298
Total indirect costs allocated	83,418	87,154
Excess of expenses over revenue	\$ (17,906)	\$ (16,328)
Note: (program deficit is included in unrestricted net assets)		
Program deficit, beginning of year	\$ (50,411)	\$ (34,083)
Excess of revenue over expenses (expenses over revenue) for the year	(17,906)	(16,328)
Program deficit, end of year	\$ (68,317)	\$ (50,411)

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Years Ended December 31, 2012 and 2011

Seniors, Settlement & Social Services (S & SS) and Newcomer Settlement Program (NSP)

	S & SS	NSP	Total 2012	Total 2011
Revenue				
Federal government grants	\$ 19,791	\$ -	\$ 19,791	\$ 26,600
Fees for services	12,570	-	12,570	13,171
City of Toronto grants	58,520	-	58,520	43,520
Provincial government grants	55,247	55,815	111,062	115,068
Fundraising and foundation contributions	7,100	-	7,100	3,880
Other	808	-	808	741
Productive enterprises	10,288	-	10,288	3,231
	164,324	55,815	220,139	206,211
Expenses				
Salaries	136,105	43,870	179,975	188,652
Benefits	21,366	8,919	30,285	33,653
Program costs	20,644	377	21,021	16,450
Office	7,549	276	7,825	4,093
Other purchased services	5,033	150	5,183	3,279
Other	1,162	-	1,162	728
Promotion and publicity	2,830	-	2,830	10,050
Recruitment and staff training	812	300	1,112	1,506
Transportation	2,889	1,107	3,996	2,056
	198,390	54,999	253,389	260,467
Allocation of indirect expenses				
Administrative expenses	57,212	-	57,212	57,345
Maintenance expenses	235	-	235	867
Total indirect costs allocated	57,447	-	57,447	58,212
Program operating surplus (deficit)	(91,513)	816	(90,697)	(112,468)
United Way allocation	103,668	-	103,668	102,000
Excess of revenue over expenses (expenses over revenue)	\$ 12,155	\$ 816	\$ 12,971	\$ (10,468)

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Years Ended December 31, 2012 and 2011

Out of the Cold (OOTC)

	2012	2011
Revenue		
City of Toronto fees	\$ 448,675	\$ 437,855
United Way contribution	9,800	10,800
Fundraising and foundation contributions	3,265	2,565
Other	-	1
	461,740	451,221
Expenses		
Salaries	296,058	277,312
Benefits	28,260	25,531
Program costs	27,825	28,487
Food services	39,334	33,491
Recruitment and staff training	100	1,366
Transportation	260	2,477
	391,837	368,664
Allocation of indirect expenses		
Administrative expenses	76,355	76,610
Maintenance expenses	314	1,159
Total indirect costs allocated	76,669	77,769
Excess of revenue over expenses (expenses over revenue)	\$ (6,766)	\$ 4,788

UNIVERSITY SETTLEMENT**Schedule of Revenue, Expenses and Allocation****Years Ended December 31, 2012 and 2011****Language Instruction for Newcomers to Canada/Immigrant Settlement and Adaptation
Program (LINC/ISAP)**

	2012	2011
Revenue		
Federal government grants	\$ 1,319,331	\$ 1,424,825
Expenses		
Salaries	879,243	951,454
Benefits	135,742	134,810
Rent	211,005	205,948
Program costs	47,580	56,805
Office	37,749	40,296
Other purchased services	3,320	3,599
Other	26,957	42,031
Promotion and publicity	3,962	5,707
Recruitment and staff training	2,275	4,223
Transportation	2,009	3,254
	1,349,842	1,448,127
Excess of expenses over revenue	\$ (30,511)	\$ (23,302)

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Years Ended December 31, 2012 and 2011

Music and Arts School

	2012	2011
Revenue		
Fees for services	\$ 190,230	\$ 174,024
Toronto Art Council grants (included in City of Toronto grants)	23,500	23,500
Provincial government grants	21,280	20,780
Fundraising and foundation contributions	43,731	42,840
Other	516	280
Rental income	120	310
Productive enterprises	74	110
	279,451	261,844
Expenses		
Salaries	215,953	203,679
Benefits	21,612	19,540
Program costs	29,925	27,996
Office	1,288	619
Other purchased services	680	535
Promotion and publicity	1,993	-
Recruitment and staff training	395	1,060
Transportation	76	56
	271,922	253,485
Allocation of indirect expenses		
Administrative expenses	65,699	64,664
Maintenance expenses	270	978
Total indirect costs allocated	65,969	65,642
Program operating deficit	(58,440)	(57,283)
United Way allocation	55,535	54,640
Excess of expenses over revenue	\$ (2,905)	\$ (2,643)

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Years Ended December 31, 2012 and 2011

Employment and Training

	2012	2011
Revenue		
Federal government grants	\$ 8,278	\$ 13,779
City of Toronto fees	556,068	508,641
Provincial government grants	7,644	7,644
Fundraising and foundation contributions	-	96
Other	-	11,547
Productive enterprises	7,603	8,862
	579,593	550,569
Expenses		
Salaries	295,708	290,957
Benefits	42,686	41,740
Rent	50,662	49,500
Program costs	22,192	17,055
Office	23,297	25,885
Other purchased services	130	1,528
Promotion and publicity	648	10
Cleaning supplies	3,192	1,990
Recruitment and staff training	272	1,748
Transportation	1,154	548
	439,941	430,961
Allocation of indirect expenses		
Administrative expenses	66,691	66,599
Total indirect costs allocated	66,691	66,599
Program operating surplus	72,961	53,009
United Way allocation	16,770	16,500
Excess of revenue over expenses	\$ 89,731	\$ 69,509

UNIVERSITY SETTLEMENT**Schedule of Revenue, Expenses and Allocation****Years Ended December 31, 2012 and 2011****English as a Second Language (ESL)/Youth Tutorial Program (YTP)**

	2012	2011
Revenue		
Fees for service	\$ 8,922	\$ 9,510
United Way contribution	6,264	6,263
Other	-	11
	15,186	15,784
Expenses		
Salaries	10,410	13,146
Benefits	1,525	2,382
	11,935	15,528
Allocation of indirect expenses		
Administrative expenses	14,725	15,744
Maintenance expenses	60	238
Total indirect costs allocated	14,785	15,982
Program operating deficit	(11,534)	(15,726)
United Way allocation	16,770	16,500
Excess of revenue over expenses	\$ 5,236	\$ 774

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Years Ended December 31, 2012 and 2011

Government Revenue

	2012	2011
Government of Canada		
Citizenship and Immigration Canada	\$ 1,319,331	\$ 1,424,825
Health Canada	60,291	60,956
Human Resources and Skills Development Canada	20,293	20,611
Industry Canada	18,770	27,173
New Horizon	19,792	26,600
	1,438,477	1,560,165
Government of Ontario		
Ministry of Community and Social Services	73,954	94,734
Ministry of Citizenship, Culture and Recreation	55,815	55,150
Ministry of Health and Long-Term Care	72,330	56,222
Ontario Arts Council	500	-
	202,599	206,106
City of Toronto (fees for services)		
Hostel Services	448,675	437,855
Investing in Neighbourhood	73,860	76,544
Community and Neighbourhood Services	532,029	486,246
Children's Services	159,447	166,664
	1,214,011	1,167,309
City of Toronto (grants)		
Property Grant	260,300	260,300
Children's Services	134,260	137,860
Community Services Partnership	116,477	54,135
Parks, Forestry and Recreation	30,924	74,217
Toronto Arts Council	23,500	23,500
Wage Improvement Grant	17,528	17,528
Pay Equity - Children's Services	34,104	34,104
	617,093	601,644
	\$ 3,472,180	\$ 3,535,224