

UNIVERSITY SETTLEMENT

Financial Statements

Year ended December 31, 2020

UNIVERSITY SETTLEMENT
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December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of
University Settlement

Opinion

We have audited the financial statements of University Settlement ("US"), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, revenue and expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of US as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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 US 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 US's 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 US or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing US's 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.

INDEPENDENT AUDITOR'S REPORT

- ◆ 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 US's 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 US's 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 US 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.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 25, 2021

UNIVERSITY SETTLEMENT
Statement of Financial Position
December 31, 2020

	Operating Fund	Special Funds (Note 9)	Total 2020	Total 2019
Assets				
Current				
Cash	\$ 672,645	\$ 914	\$ 673,559	\$ 686,692
Investments (Note 3)	-	961,882	961,882	682,543
Government grants receivable (Note 4)	345,538	-	345,538	18,640
Accounts receivable (Note 5)	49,104	-	49,104	104,729
Inter-fund balances (Note 9)	(528,411)	528,411	-	-
Prepaid expenses	101,972	-	101,972	107,815
	640,848	1,491,207	2,132,055	1,600,419
Investments (Note 3)	-	55,986	55,986	-
Capital assets (Note 6)	165,029	-	165,029	189,553
	\$ 805,877	\$ 1,547,193	\$ 2,353,070	\$ 1,789,972
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 5)	\$ 64,924	\$ -	\$ 64,924	\$ 101,292
Current portion of deferred grants and fees (Note 7)	585,923	-	585,923	421,284
Current portion of capital lease obligation (Note 8)	10	-	10	16,335
	650,857	-	650,857	538,911
Deferred grants and fees (Note 7)	61,498	-	61,498	71,498
Capital lease obligation (Note 8)	-	-	-	3,984
	712,355	-	712,355	614,393
Net assets				
Unrestricted	-	-	-	-
Invested in capital assets (Note 9)	93,522	-	93,522	87,735
Endowments (Note 9)	-	43,404	43,404	43,404
Restricted externally (Note 9)	-	196,772	196,772	192,909
Restricted internally (Note 9)	-	1,307,017	1,307,017	851,531
	93,522	1,547,193	1,640,715	1,175,579
	\$ 805,877	\$ 1,547,193	\$ 2,353,070	\$ 1,789,972

Approved on behalf of the Board:

_____ Director

_____ Director

UNIVERSITY SETTLEMENT
Statement of Changes in Net Assets
Year Ended December 31, 2020

	Unrestricted	Invested in capital assets	Endowments	Restricted externally	Restricted internally	Total 2020	Total 2019
Balance, beginning of year	\$ -	\$ 87,735	\$ 43,404	\$ 192,909	\$ 851,531	\$ 1,175,579	\$ 1,053,202
Excess of revenue over expenses (expenses over revenue)	450,407	(25,696)	-	3,863	36,562	465,136	122,377
Inter-fund transfers (Note 9)	(424,711)	5,787	-	-	418,924	-	-
Purchase of capital assets net of related liabilities	(25,696)	25,696	-	-	-	-	-
Balance, end of year	\$ -	\$ 93,522	\$ 43,404	\$ 196,772	\$ 1,307,017	\$ 1,640,715	\$ 1,175,579

UNIVERSITY SETTLEMENT

Statement of Revenue and Expenses

Year Ended December 31, 2020

	Operating Fund	Special Funds (Note 9)	Total 2020	Total 2019
Revenue				
Federal government grants (Schedule, page 22)	\$ 1,227,024	\$ -	\$ 1,227,024	\$ 1,406,212
Government assistance (Note 4)	797,208	-	797,208	-
City of Toronto grants (Notes 6 and 10) (Schedule, page 22)	793,837	-	793,837	775,531
Fees for services (Note 5)	549,083	-	549,083	1,466,413
United Way contribution	320,186	-	320,186	347,663
City of Toronto fees (Schedule, page 22)	272,792	-	272,792	661,702
Provincial government grants (Schedule, page 22)	192,905	-	192,905	209,373
Fundraising and foundation contributions	69,959	-	69,959	118,690
Other	47,288	205	47,493	101,175
Rental	47,155	-	47,155	104,774
Investment	6,010	46,575	52,585	31,769
Productive enterprises	76	-	76	2,389
	4,323,523	46,780	4,370,303	5,225,691
Expenses				
Salaries	2,573,061	-	2,573,061	3,519,543
Benefits	476,860	-	476,860	544,312
Rent	315,957	-	315,957	325,208
Office	173,692	-	173,692	123,657
Other purchased services	89,664	-	89,664	144,671
Program	86,547	-	86,547	166,128
Amortization	35,696	-	35,696	41,116
Cleaning supplies	32,066	-	32,066	34,818
Insurance	30,465	-	30,465	31,929
Audit and legal	30,077	-	30,077	59,480
Promotion and publicity	22,263	-	22,263	29,020
Recruitment and staff training	17,721	-	17,721	29,179
Other	19,381	6,355	25,736	47,906
Food services	12,755	-	12,755	46,648
Transportation	425	-	425	2,747
Grange Kids recovery (Note 5)	(17,818)	-	(17,818)	(43,048)
	3,898,812	6,355	3,905,167	5,103,314
Excess of revenue over expenses	\$ 424,711	\$ 40,425	\$ 465,136	\$ 122,377

UNIVERSITY SETTLEMENT

Statement of Cash Flows

Year ended December 31, 2020

	Operating Fund	Special Funds (Note 9)	Total 2020	Total 2019
Cash provided by (used in)				
Operating activities				
Excess of revenue over expenses	\$ 424,711	\$ 40,425	\$ 465,136	\$ 122,377
Unrealized gain on marketable securities		\$ (32,721)		
Amortization, net deferred revenue amortization	25,696	-	25,696	31,116
Changes in				
Government grants receivable	(326,898)	-	(326,898)	114,264
Accounts receivable	55,625	-	55,625	(54,999)
Inter-fund balances	(293,756)	293,756	-	-
Prepaid expenses	5,843	-	5,843	(10,255)
Accounts payable and accrued liabilities	(36,368)	-	(36,368)	(118,988)
Deferred grants and fees	164,639	-	164,639	90,273
	19,492	301,460	353,673	173,788
Financing activities				
Repayment of capital lease obligations	(20,309)	-	(20,309)	(12,677)
Investing activities				
Purchase of capital assets excluding leased assets	(11,172)	-	(11,172)	(30,763)
Proceeds on disposal of investments	-	329,701	329,701	166,103
Purchase of investments	-	(632,305)	(632,305)	(357,609)
	(11,172)	(302,604)	(313,776)	(222,269)
Change in cash	(11,989)	(1,144)	(13,133)	(61,158)
Cash, beginning of year	684,634	2,058	686,692	747,850
Cash, end of year	\$ 672,645	\$ 914	\$ 673,559	\$ 686,692

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2020

1. Purpose of the organization

University Settlement ("US") was incorporated without share capital under the laws of the Province of Ontario. US 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. US is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

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. Significant estimates include estimated useful lives of capital assets. 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 US 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. US 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. Operating Fund includes amounts invested in capital assets. Amortization of \$35,696 less deferred capital asset contributions recognized of \$10,000 are recorded as excess of expenses over revenue of the amounts invested in capital assets.

Special Funds - The special funds include endowments, externally restricted and internally 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 US. In 2018, US established a new internally restricted fund known as the technological improvement reserve fund for the purpose of funding future technological infrastructure.

Refer to Note 9 for details regarding these funds.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2020

2. Summary of significant accounting policies - cont'd

Investments

Investments consist of bond mutual funds, guaranteed investment certificates (GICs), and equity mutual funds.

Investments are recorded at fair value. Fair values are referenced to published price quotations in an active market at year-end

Transaction costs associated with the acquisition of investments and investment fees are expensed when incurred.

Capital assets and leasehold interest (building)

Capital assets and leasehold interest (building) are recorded at cost. US provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets and leasehold interest (building) over their estimated useful lives:

Cleaning equipment	5 years
Computer equipment	5 years
Computer software	2 to 7 years
Piano	5 years
Playground equipment	10 years
Gym equipment	10 years
Equipment under capital lease	10 years

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Repairs and maintenance costs are recorded when incurred. Leasehold interest (building) is recorded at nominal value.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2020

2. Summary of significant accounting policies - cont'd

Revenue recognition

US is funded by the members of the community, Municipal government fees and grants, Federal government grants, United Way contributions and Provincial government grants. These financial statements reflect agreed arrangements approved by each granting agency with respect to the year ended December 31, 2020.

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.

US follows the restricted fund method of accounting to account for externally restricted grants and contributions. Externally restricted grants and contributions are recognized as revenue in the appropriate fund in the year they are received if a fund has been established. Externally restricted contributions where no externally restricted fund exists is deferred and recognized as revenue in the year in which the related expenses are incurred.

Grants received for the purchase of capital assets are recognized into revenue of the operating fund and is amortized into the Statement of Revenue and Expenses over the same number of years that the related capital assets are amortized into operations.

Endowment contributions are recognized as revenue of the endowment fund when received.

Revenue from City of Toronto fees, fees for services, rental, productive enterprises and other is recognized which is usually when the service is provided.

Fundraising revenue is recognized as it is earned or received.

Unrestricted donations are recognized when received.

Investment revenue includes interest, dividend, realized and unrealized gains and losses on investments owned at year-end. Interest income is recognized as earned. Dividends are recorded once declared by the payer. The realized gains and losses are recognized when the investment is disposed. The unrealized gains and losses are recognized as changes in the fair value occur.

Government assistance

US applied for financial assistance under the Canada Emergency Wage Subsidy (CEWS) and Temporary Wage Subsidy (TWS) programs. Subsidy amounts are recognized as government assistance when received or receivable and the related salary expense and benefit has been incurred.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2020

2. Summary of significant accounting policies - cont'd

Contributed services

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

Controlled entity's financial statements

US controls Grange Kids, a separate legal entity (Note 5). The financial statements of Grange Kids have not been consolidated in these financial statements. Excerpts of the financial statements of Grange Kids are reported in Note 12.

Financial instruments

US initially measures its financial assets and financial liabilities at fair value.

US subsequently measures its financial assets and financial liabilities at amortized cost, except investments quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the Statement of Revenue and Expenses.

Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments.

Financial assets measured at amortized cost on a straight-line basis include cash, government grants receivable and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities and capital lease obligation.

UNIVERSITY SETTLEMENT
Notes to Financial Statements
Year ended December 31, 2020

3. Investments

Current investments:

	2020	2019
Bond mutual funds	\$ 850,735	\$ 544,412
Equity mutual funds	111,147	82,840
Toronto-Dominion Bank GIC	-	55,291
	\$ 961,882	\$ 682,543

Non-current investments:

	2020	2019
Toronto-Dominion Bank GIC	\$ 55,986	\$ -

The guaranteed investment certificate matures in October 2022 and earns interest at a rate of 0.50% (2019 - 1.25%) annually. The bond and equity mutual funds do not have maturity dates.

4. Government assistance

Government grants receivable includes \$79,548 (2019 - \$Nil) of government subsidy receivable under the CEWS program.

Included in government assistance is a recovery of \$772,208 (2019 - \$Nil) and \$25,000 (2019 - \$Nil) for government assistance received under the CEWS and TWS programs, respectively.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2020

5. Related party balances and related party transactions

During the 2019 fiscal year, a new legal entity, Grange Kids, was incorporated to operate after-school programming that was previously operated by US. The effective date was September 1, 2019. Grange Kids is a related party as US has the ability to exercise direct control over Grange Kids, through common Board members and the operations of Grange Kids are dependent on US as it uses US's resources to operate its programming.

Included in accounts payable and accrued liabilities as at year end is \$3,107 (2019 - \$Nil) owing from Grange Kids. The accounts payable due to Grange Kids are unsecured with no fixed terms of repayment.

Included in accounts receivable as at year end is \$Nil (2019 - \$71,746) owing from Grange Kids. The accounts receivable due from Grange Kids were unsecured with no fixed terms of repayment.

Related party transactions include:

	2020	2019
Cost recovery revenue	\$ 26,391	\$ 36,864
Management fee revenue	-	6,184
	<u>\$ 26,391</u>	<u>\$ 43,048</u>

These transactions are in the normal course of operations and are measured at the at the exchange amount, which is the amount of consideration established and agreed to by the related entities.

UNIVERSITY SETTLEMENT
Notes to Financial Statements
Year ended December 31, 2020

6. Capital assets

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold interest (building)	\$ 1	\$ -	\$ 1	\$ 1
Cleaning equipment	5,155	5,155	-	1,031
Leasehold improvements	82,031	78,391	3,640	12,145
Computer equipment	13,127	13,127	-	-
Computer software	58,778	26,023	32,755	38,633
Piano	15,000	4,125	10,875	13,875
Playground equipment	92,454	26,993	65,461	74,707
Gym equipment	15,300	344	14,956	3,783
	281,846	154,158	127,688	144,175
Equipment under capital lease	70,660	33,319	37,341	45,378
	\$ 352,506	\$ 187,477	\$ 165,029	\$ 189,553

In 1958, US 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 US. If at that time the agreement was terminated, US was to be paid \$90,000 as compensation for the property. The City also agreed to pay the annual maintenance incurred on the building. During the year, the City has committed to pay \$294,402 (2019 - \$294,402) for maintenance of the building of which \$220,802 was received subsequent to year-end.

Amortization includes amortization of equipment under capital lease of \$8,037 (2019 - \$7,891).

UNIVERSITY SETTLEMENT
Notes to Financial Statements
Year ended December 31, 2020

7. Deferred grants and fees

The deferred grants represent restricted grants and contributions received in the current year where no restricted funds have been established and that relate to subsequent years, grants related to capital assets which will be amortized into revenue over the life of the asset and fees that represent amounts received in advance for services provided subsequent to year-end.

	2020	2019
Various government grants - Federal, Provincial and City of Toronto	\$ 583,291	\$ 382,140
Foundation grants	35,000	-
Fees for services	29,130	110,642
Balance, end of year	647,421	492,782
Less: current portion	(585,923)	(421,284)
Due beyond one year	\$ 61,498	\$ 71,498

UNIVERSITY SETTLEMENT
Notes to Financial Statements
Year ended December 31, 2020

8. Capital lease obligation

	2020	2019
Equipment under capital lease, bearing interest at 7.09% per annum, matures in January 2021 and is repayable in blended monthly payments of \$1,414	\$ 10	\$ 20,319
Less: current portion	(10)	(16,335)
Due beyond one year	\$ -	\$ 3,984

The following is a schedule of future minimum lease payments under capital lease:

2021	\$ 10
Total future minimum lease payments	\$ 10

The obligation under capital lease is secured by a lien on the specific equipment under lease. The interest expense paid on the lease during the year was \$636 (2019 - \$2,791). The net book value of the equipment securing the lease is \$37,341 (2019 - \$45,378).

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year Ended December 31, 2020

9. Interfund balances and restrictions on net assets

	2019	Interest earned and contributions	Inter-fund transfer	Expenses	2020
Endowments					
<i>Music and Arts</i>					
Sylvia Schwartz	\$ 9,819	\$ 420	\$ -	\$ (420)	\$ 9,819
Shiu-Shum Lo Memorial	18,675	800	-	(800)	18,675
Margaret Grant	5,263	225	-	(225)	5,263
W.G. Hall Memorial	4,893	210	-	(210)	4,893
<i>Recreation - Youth Leadership</i>					
Mary Fraser	4,754	204	-	(204)	4,754
	43,404	1,859	-	(1,859)	43,404
Restricted externally					
<i>Music and Arts</i>					
General	77,203	3,305	-	(3,305)	77,203
Florence & David Steinhauer	15,025	743	-	(643)	15,125
Mark Hill Memorial	7,905	339	-	(339)	7,905
Madeleine Emma Lasserre	2,267	97	-	(97)	2,267
<i>Recreation - Youth Leadership</i>					
Robert Kauppinen	5,577	239	-	(239)	5,577
Marshall A. Golden Memorial	4,980	213	-	(213)	4,980
<i>Other Programs</i>					
Subsidies and programs	79,952	3,423	-	340	83,715
	192,909	8,359	-	(4,496)	196,772
Restriction internally					
<i>Recreation - Camp</i>					
General Camp	360,615	15,439	209,462	-	585,516
Edward Roth	2,950	126	-	-	3,076
<i>Recreation - Children & Youth</i>					
Ethyle M. Start	77,108	3,301	-	-	80,409
Youth Program	44,079	1,887	-	-	45,966
<i>Scholarship</i>					
General Scholarship	41,421	1,773	-	-	43,194
<i>Music and Arts</i>					
Music Instrument	8,245	458	-	-	8,703
<i>General</i>					
Technological improvement reserve	247,112	10,580	209,462	-	467,154
Fanny V. Birdsall	33,928	1,453	-	-	35,381
Elizabeth J. Clarry	6,562	281	-	-	6,843
Mary Margaret Slater	6,562	281	-	-	6,843
Emil First	1,208	52	-	-	1,260
90th Anniversary	16,292	698	-	-	16,990
<i>Senior Citizen Fund</i>					
Cho-Tsing-Cheung	5,449	233	-	-	5,682
	851,531	36,562	418,924	-	1,307,017
Total	\$ 1,087,844	\$ 46,780	\$ 418,924	\$ (6,355)	\$ 1,547,193

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2020

9. Interfund balances and restrictions on net assets - cont'd

During the 2018 fiscal year, the Board of Directors established a new internally restricted fund for a technological improvement reserve. In the current year, The Board of Directors transferred \$209,462 (2019 - \$81,586) from the unrestricted fund to the internally restricted technological improvement reserve fund.

In addition, the Board of Directors transferred \$209,462 (2019 - \$34,966) from the unrestricted fund to the internally restricted General Camp fund.

Throughout the year, there are regular payments made for the capital asset fund by the unrestricted fund. The inter-fund balances bear no interest and are payable on demand.

Invested in Capital Assets Fund is comprised of:

	2020	2019
Capital assets	\$ 165,030	\$ 189,553
Deferred revenue related to capital assets	(71,498)	(81,499)
Capital lease obligation	(10)	(20,319)
	<hr/>	<hr/>
	\$ 93,522	\$ 87,735

10. Daycare operating grant and wage subsidies

US has recognized as revenue the following amounts from the City of Toronto's Children Services.

	2020	2019
Operating grant and wage subsidies	\$ 217,109	\$ 217,108
Pay equity	34,104	34,104
Safe Restart	50,307	-
	<hr/>	<hr/>
	\$ 301,520	\$ 251,212

US received \$77,636 (2019 - \$Nil) for the safe restart funding of which \$50,307 (2019 - \$Nil) was recognized as revenue and \$27,329 (2019 - \$Nil) has been deferred.

In addition, US received and recognized as revenue for wage enhancement of \$31,095 (2019 - \$51,157) from the City of Toronto.

UNIVERSITY SETTLEMENT
Notes to Financial Statements
Year ended December 31, 2020

11. Lease commitments

US is committed to premise leases terminating from 2022 to 2025. The minimum annual lease payments includes commitments related to the lease renewal subsequent to year-end and do not include payments after the leases are cancellable. The minimal annual lease payments are as follows:

2021	\$ 161,255
2022	146,107
2023	146,107
2024	131,901
2025	65,951
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	\$ 651,321

US is responsible for a proportionate share of building operating costs.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2020

12. Controlled entity's financial statements

The financial statements of Grange Kids, an entity controlled by US, has not been consolidated in these financial statements. Grange Kids' financial statements are prepared under the same accounting policies as US. Grange Kids was incorporated without share capital under the Canada Not-For-Profit Corporations Act. Grange Kids provides children and youth after-school educational and support services. Grange Kids is a registered charity under the Income Tax Act and accordingly is exempt from income taxes. Grange Kids utilizes the resources and premises of US at 23 Grange Road. A management fee and costs are charged by US to Grange Kids as described in Note 5 of these financial statements. There are no restrictions on the funds received by Grange Kids from US.

Summaries of the controlled entity's financial position as at December 31, 2020 and 2019 and results of its operations for the 2020 and 2019 fiscal years are as follows:

Statement of financial position:

	2020	2019
Total assets	\$ 4,158	\$ 71,739
Total liabilities	(4,158)	(71,747)
Total net deficiency	-	(8)

Statement of revenue and expenses:

	2020	2019
Total revenue	\$ 26,391	\$ 43,048
Total expenditures	(26,383)	(43,056)
Excess of expenses over revenue	\$ 8	\$ (8)

Statement of cash flows:

	2020	2019
Operating activities	\$ (71,000)	\$ 71,739

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2020

13. Financial instruments

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

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. US's investments in publicly traded securities expose US to market risk as such investments are subject to price changes in the open market. US does not use derivative financial instruments to alter the effects of this risk.

(b) Interest rate risk

US 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.

14. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time. Potential risks that US faces as a result of the pandemic are as follows:

(i) Significant change in operation costs. Change in operation costs have been reflected in the financial statements which include an increase in personal protective equipment and sanitation costs which has been offset by a decrease in operation costs for programs that have temporarily ceased.

(ii) Termination of government funded programs. There has been no indication from the government that they intend to terminate any program agreements.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2020

15. Allocations

Composition and allocation of administrative expenses

In the current and prior year, US's net administrative expenses include administrative staff salaries, office, building occupancy, promotion and publicity and other miscellaneous costs. In the attached schedules to the financial statements the net administrative costs were allocated 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 program.

The basis of allocation of net administrative expenses for both fiscal 2020 and 2019 was based on the percentage of total expenses incurred by each program over total expenses for all programs excluding administrative and the LINC/I/O program.

The LINC/I/O program is charged a set administrative cost as the program is primarily funded by a single funder and does not generate enough revenue to be charged fully for its share of administrative costs.

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2020

Government Revenue

	2020	2019
Federal government grants		
Citizenship and Immigration Canada	\$ 1,158,014	\$ 1,291,869
Health Canada	58,259	58,522
New Horizons	10,751	12,900
Employment and Social Development Canada	-	42,921
	1,227,024	1,406,212
Government assistance	797,208	-
City of Toronto fees		
Toronto Employment and Social Services	170,381	113,250
Children's Services	102,411	322,974
Shelter Support and Housing	-	192,376
Investing in Neighbourhood	-	33,102
	272,792	661,702
City of Toronto grants		
General Operating Grant	301,520	251,212
Property Grant	294,402	294,402
Community Services Partnership	140,320	137,485
Wage Enhancement	31,095	51,157
Toronto Arts Council	26,500	26,500
Children's Services	-	14,775
	793,837	775,531
Provincial government grants		
Ministry of Children, Community and Social Services	150,550	158,507
Ministry for Seniors and Accessibility	42,355	50,866
	192,905	209,373
	\$ 3,283,766	\$ 3,052,818

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2020

Administration

	2020	2019
Revenue		
Government assistance	\$ 293,799	\$ -
United Way contribution	66,593	69,070
Provincial government grants	28,581	28,582
Other	28,463	65,298
Fundraising and foundation contributions	18,858	32,169
Federal government grants	10,751	12,900
Investment	6,010	3,514
Rental	150	2,710
City of Toronto fees	-	33,102
	453,205	247,345
Expenses		
Salaries	537,761	576,280
Benefits	95,157	81,052
Other purchased services	66,111	85,457
Rent	48,600	45,851
Office	36,091	24,767
Audit and legal	30,077	59,480
Insurance	22,540	23,751
Promotion and publicity	18,059	18,167
Recruitment and staff training	11,184	14,291
Amortization	5,878	6,145
Other	3,265	421
Transportation	425	1,428
Program costs (recovery)	(4,643)	395
LINC//O recovery	(130,646)	(163,823)
	739,859	773,662
Net administration expense for allocation	\$ (286,654)	\$ (526,317)
Expense allocation to programs		
Day Care	\$ 124,763	\$ 200,561
Seniors, Settlement & Social Services and Newcomer Settlement Program	24,501	29,209
Recreation and Wellness	46,362	119,813
Weekend Emergency Shelter	-	35,928
Music and Arts School	41,134	62,578
Maintenance	30,777	45,277
Employment and Training	19,117	32,951
	\$ 286,654	\$ 526,317

Refer to Note 15 for details on allocation basis.

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2020

Maintenance

	2020	2019
Revenue		
City of Toronto grants	\$ 294,402	\$ 294,402
Government assistance	44,269	-
Provincial government grants	7,490	7,490
	346,161	301,892
Expenses		
Salaries	147,422	179,035
Cleaning supplies	31,927	34,830
Benefits	24,667	31,215
Insurance	7,925	8,177
Other	3,025	9,359
Amortization	1,031	1,031
Program	-	50
	215,997	263,697
Allocation of indirect expenses (Note 15)		
Administrative	30,777	45,277
Excess of revenue over expenses (expenses over revenue)	\$ 99,387	\$ (7,082)

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2020

Recreation and Wellness

	2020	2019
Revenue		
Fees for services	\$ 124,320	\$ 586,865
Government assistance	92,194	-
United Way contribution	82,771	70,963
City of Toronto grants	75,412	83,184
Federal government grants	58,259	101,443
Provincial government grants	30,363	30,363
Other	1,764	1,000
Fundraising and foundation contributions	517	16,305
Rental income	-	24,488
Productive enterprises	-	12
	465,600	914,623
Expenses		
Salaries	222,340	503,702
Office	34,164	22,775
Benefits	36,127	55,715
Program	12,926	64,623
Amortization	8,037	7,891
Other purchased services	5,814	27,899
Recruitment and staff training	3,920	8,413
Promotion and publicity	1,172	4,315
Other	886	2,461
	325,386	697,794
Allocation of indirect expenses (Note 15)		
Administrative	46,362	119,813
Excess of revenue over expenses	\$ 93,852	\$ 97,016

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2020

Day Care

	2020	2019
Revenue		
City of Toronto grants	\$ 332,615	\$ 302,369
Government assistance	264,294	-
Fees for services	252,343	643,345
City of Toronto fees	102,411	322,974
Other	10,870	10,085
	962,533	1,278,773
Expenses		
Salaries	652,288	903,737
Benefits	135,247	167,734
Program	34,518	18,304
Other purchased services	14,702	23,494
Office	14,486	8,720
Food services	12,746	31,875
Amortization	9,245	9,245
Recruitment and staff training	2,402	4,965
	875,634	1,168,074
Allocation of indirect expenses (Note 15)		
Administrative	124,763	200,561
Excess of expenses over revenue	\$ (37,864)	\$ (89,862)

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2020

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

	S & SS	NSP	Total 2020	Total 2019
Revenue				
United Way contribution	\$ 98,400	\$ -	\$ 98,400	\$ 120,000
City of Toronto grants	64,908	-	64,908	69,076
Provincial government grants	46,052	55,816	101,868	118,335
Other	6,421	-	6,421	6,365
Fees for services	2,124	-	2,124	12,810
Government assistance	542	-	542	-
Fundraising and foundation contributions	132	-	132	6,709
Productive enterprises	-	-	-	2,300
	218,579	55,816	274,395	335,595
Expenses				
Salaries	76,328	47,560	123,888	117,101
Office	16,667	-	16,667	14,684
Benefits	14,113	12,611	26,724	26,593
Promotion and publicity	2,669	-	2,669	5,840
Program	1,795	-	1,795	928
Other	-	217	217	3,894
Transportation	-	-	-	1,072
	111,572	60,388	171,960	170,112
Allocation of indirect expenses (Note 15)				
Administrative	24,501	-	24,501	29,209
Excess of revenue over expenses (expenses over revenue)				
	\$ 82,506	\$ (4,572)	\$ 77,934	\$ 136,274

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2020

Weekend Emergency Shelter

	2020	2019
Revenue		
City of Toronto fees	\$ -	\$ 192,376
United Way contribution	-	16,667
Fundraising and foundation contributions	-	200
	-	209,243
Expenses		
Salaries	-	156,267
Benefits	-	17,226
Program	-	16,964
Food services	-	14,774
Office	-	3,913
Recruitment and staff training	-	100
	-	209,244
Allocation of indirect expenses (Note 15)		
Administrative	-	35,928
Excess of expenses over revenue	\$ -	\$ (35,929)

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2020

Language Instruction for Newcomers to Canada/Information and Orientation

Program (LINC//O)

	2020	2019
Revenue		
Federal government grants	\$ 1,158,014	\$ 1,291,869
Expenses		
Salaries	617,109	758,707
Rent	223,244	194,645
Benefits	123,407	121,297
Office	55,012	33,535
Other	11,224	15,583
Program costs	2,535	3,406
Recruitment and staff training	1,075	675
Transportation	-	198
	1,033,606	1,128,046
LINC//O recovery of expenses	130,646	163,823
Excess of expenses over revenue	\$ (6,238)	\$ -

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2020

Music and Arts School

	2020	2019
Revenue		
Fees for services	\$ 188,115	\$ 267,287
Government assistance	84,479	-
United Way contribution	72,422	70,964
Fundraising and foundation contributions	50,081	64,722
Toronto Art Council grants	26,500	26,500
Provincial government grants	20,780	20,780
Other	82	12,056
Productive enterprises	73	77
	442,532	462,386
Expenses		
Salaries	204,963	252,915
Program	39,417	63,096
Benefits	25,773	26,883
Office	10,442	10,361
Other purchased services	3,026	6,480
Amortization	3,000	1,125
Rent	1,600	1,857
Promotion and publicity	364	313
Recruitment and staff training	110	1,423
Transportation	-	5
	288,695	364,458
Allocation of indirect expenses (Note 15)		
Administrative	41,134	62,578
Excess of revenue over expenses	\$ 112,703	\$ 35,350

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2020

Employment and Training

	2020	2019
Revenue		
City of Toronto fees	\$ 170,439	\$ 113,250
Rental	47,005	77,576
Government assistance	16,957	-
Provincial government grants	3,824	3,824
	238,225	194,650
Expenses		
Salaries	67,290	71,798
Rent	42,514	82,854
Benefits	9,087	16,597
Amortization	8,504	15,678
Office	6,777	4,975
	134,172	191,902
Allocation of indirect expenses (Note 15)		
Administrative	19,117	32,951
Excess of revenue over expenses	\$ 84,936	\$ 2,748