

# **UNIVERSITY SETTLEMENT**

**Financial Statements**

**Year ended December 31, 2019**

**UNIVERSITY SETTLEMENT**  
**Index to Financial Statements**  
**December 31, 2019**

	<b>PAGE</b>
INDEPENDENT AUDITOR'S REPORT.....	1
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF CHANGES IN NET ASSETS.....	4
STATEMENT OF REVENUE AND EXPENSES.....	5
STATEMENT OF CASH FLOWS.....	6
NOTES TO FINANCIAL STATEMENTS.....	7 - 20

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
University Settlement

### *Opinion*

We have audited the financial statements of University Settlement ("the Settlement"), which comprise the statement of financial position as at December 31, 2019, 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 the Settlement as at December 31, 2019, 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 the Settlement 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 the Settlement'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 the Settlement or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Settlement'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 the Settlement'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 the Settlement'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 the Settlement 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  
September 21, 2020

**UNIVERSITY SETTLEMENT**  
**Statement of Financial Position**  
**December 31, 2019**

	Operating Fund	Special Funds (Note 8)	Total 2019	Total 2018
<b>Assets</b>				
Current				
Cash	\$ 684,634	\$ 2,058	\$ 686,692	\$ 747,850
Investments (Note 3)	-	682,543	682,543	436,429
Government grants receivable	18,640	-	18,640	132,904
Accounts receivable (Note 4)	104,729	-	104,729	49,730
Inter-fund balances (Note 8)	(403,243)	403,243	-	-
Prepaid expenses	107,815	-	107,815	97,560
	512,575	1,087,844	1,600,419	1,464,473
Investments (Note 3)	-	-	-	54,609
Capital assets (Note 5)	189,553	-	189,553	199,905
	\$ 702,128	\$ 1,087,844	\$ 1,789,972	\$ 1,718,987
<b>Liabilities</b>				
Current				
Accounts payable and accrued liabilities	\$ 101,292	\$ -	\$ 101,292	\$ 220,280
Current portion of deferred grants and fees (Note 6)	421,284	-	421,284	331,011
Current portion of capital lease obligation (Note 7)	16,335	-	16,335	15,220
	538,911	-	538,911	566,511
Deferred grants and fees (Note 6)	71,498	-	71,498	81,498
Capital lease obligation (Note 7)	3,984	-	3,984	17,776
	614,393	-	614,393	665,785
<b>Net assets</b>				
Invested in capital assets (Note 8)	87,735	-	87,735	83,722
Unrestricted	-	-	-	-
Endowments (Note 8)	-	43,404	43,404	41,403
Restricted externally (Note 8)	-	192,909	192,909	192,129
Restricted internally (Note 8)	-	851,531	851,531	735,948
	87,735	1,087,844	1,175,579	1,053,202
	\$ 702,128	\$ 1,087,844	\$ 1,789,972	\$ 1,718,987

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## UNIVERSITY SETTLEMENT

### Statement of Changes in Net Assets

Year Ended December 31, 2019

	Invested in capital assets	Unrestricted	Endowments	Restricted externally	Restricted internally	Total 2019	Total 2018
<b>Balance, beginning of year</b>	\$ 83,722	\$ -	\$ 41,403	\$ 192,129	\$ 735,948	\$ 1,053,202	\$ 770,647
Excess of revenue over expenses (expenses over revenue)	(31,116)	136,681	2,001	780	14,031	122,377	282,555
Inter-fund transfers (Note 8)	4,366	(120,918)	-	-	116,552	-	-
Purchase of capital assets net of related liabilities	30,763	(15,763)	-	-	(15,000)	-	-
<b>Balance, end of year</b>	\$ 87,735	\$ -	\$ 43,404	\$ 192,909	\$ 851,531	\$ 1,175,579	\$ 1,053,202

## UNIVERSITY SETTLEMENT

### Statement of Revenue and Expenses

Year Ended December 31, 2019

	Operating Fund	Special Funds (Note 8)	Total 2019	Total 2018
<b>Revenue</b>				
Fees for services (Note 4)	\$ 1,466,413	\$ -	\$ 1,466,413	\$ 1,490,085
Federal government grants	1,406,212	-	1,406,212	1,374,521
City of Toronto fees	661,702	-	661,702	984,025
City of Toronto grants (Note 9)	775,531	-	775,531	748,951
United Way contribution	347,663	-	347,663	357,964
Provincial government grants	209,373	-	209,373	197,549
Fundraising and foundation contributions	118,690	-	118,690	92,737
Rental	104,774	-	104,774	98,409
Other	97,065	4,110	101,175	93,160
Investment	3,514	28,255	31,769	6,287
Productive enterprises	2,389	-	2,389	3,400
	5,193,326	32,365	5,225,691	5,447,088
<b>Expenses</b>				
Salaries	3,519,543	-	3,519,543	3,536,473
Benefits	544,312	-	544,312	541,820
Rent	325,208	-	325,208	333,226
Program	166,128	-	166,128	199,738
Other purchased services	144,671	-	144,671	124,809
Office (Note 7)	123,657	-	123,657	127,791
Audit and legal	59,480	-	59,480	28,791
Food services	46,648	-	46,648	71,289
Amortization	41,116	-	41,116	34,176
Cleaning supplies	34,818	-	34,818	27,970
Other	32,353	15,553	47,906	46,992
Insurance	31,929	-	31,929	31,597
Recruitment and staff training	29,179	-	29,179	30,774
Promotion and publicity	29,020	-	29,020	28,105
Transportation	2,747	-	2,747	982
Grange Kids recovery (Note 4)	(43,048)	-	(43,048)	-
	5,087,761	15,553	5,103,314	5,164,533
<b>Excess of revenue over expenses</b>	\$ 105,565	\$ 16,812	\$ 122,377	\$ 282,555

**UNIVERSITY SETTLEMENT**  
**Statement of Cash Flows**  
**Year ended December 31, 2019**

	Operating Fund	Special Funds (Note 8)	Total 2019	Total 2018
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Excess of revenue over expenses	\$ 105,565	\$ 16,812	\$ 122,377	\$ 282,555
Amortization, net deferred revenue amortization	31,116	-	31,116	34,176
Changes in				
Government grants receivable	114,264	-	114,264	(99,854)
Accounts receivable	(54,999)	-	(54,999)	28,881
Inter-fund balances	(174,590)	174,590	-	-
Prepaid expenses	(10,255)	-	(10,255)	31,496
Accounts payable and accrued liabilities	(118,988)	-	(118,988)	41,307
Deferred grants and fees	90,273	-	90,273	101,148
	(17,614)	191,402	173,788	419,709
<b>Financing activities</b>				
Repayment of capital lease obligations	(12,677)	-	(12,677)	(12,831)
<b>Investing activities</b>				
Purchase of capital assets excluding leased assets	(30,763)	-	(30,763)	(80,660)
Proceeds on disposal of investments	-	166,103	166,103	144,166
Purchase of investments	-	(357,609)	(357,609)	(142,452)
	(30,763)	(191,506)	(222,269)	(78,946)
<b>Change in cash</b>	(61,054)	(104)	(61,158)	327,932
<b>Cash, beginning of year</b>	745,688	2,162	747,850	419,918
<b>Cash, end of year</b>	\$ 684,634	\$ 2,058	\$ 686,692	\$ 747,850



# UNIVERSITY SETTLEMENT

## Notes to Financial Statements

Year ended December 31, 2019

---

### 1. Purpose of the organization

University Settlement ("the Settlement") was 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.

### 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 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. Operating Fund includes amounts invested in capital assets. Amortization of \$41,116 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 the Settlement. In 2018, the Settlement established a new internally restricted fund known as the technological improvement reserve fund for the purpose of funding future technological infrastructure.

Refer to Note 8 for details regarding these funds.

## UNIVERSITY SETTLEMENT

### Notes to Financial Statements

Year ended December 31, 2019

---

#### 2. Summary of significant accounting policies - cont'd

##### Investments

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

The investments are recorded at fair value.

Transaction costs and investment fees are expensed when incurred.

##### Capital assets and leasehold interest (building)

Capital assets and leasehold interest (building) are recorded at cost. The Settlement 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, 2019

---

#### 2. Summary of significant accounting policies - cont'd

##### **Revenue recognition**

The Settlement 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, 2019.

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.

The Settlement 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 when the services are provided.

Fundraising revenue is recognized as it is earned or received.

Unrestricted donations are recognized when received.

Investment revenue includes interest, dividend 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.

##### **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.

## UNIVERSITY SETTLEMENT

### Notes to Financial Statements

Year ended December 31, 2019

---

#### 2. Summary of significant accounting policies - cont'd

##### **Controlled entity's financial statements**

The Settlement controls Grange Kids, a separate legal entity (Note 4). 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 11.

##### **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 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.

##### **Allocation of United Way contributions**

Effective April 1, 2018, funds were allocated to programs specifically approved by the United Way in support of priority funding areas of Children's Programming, Weekend Emergency Shelter and Building Community Connections. When the Weekend Emergency Shelter (WES) was closed on May 31, 2019 a portion of funding originally earmarked for WES was reallocated to Children's Programming.

**UNIVERSITY SETTLEMENT**  
**Notes to Financial Statements**  
**Year ended December 31, 2019**

**3. Investments**

Current investments:

	2019	2018
Bond mutual funds	\$ 544,412	\$ 285,560
Equity mutual funds	82,840	70,350
Toronto-Dominion Bank GIC	55,291	-
Bank of Montreal GIC	-	80,519
	<b>\$ 682,543</b>	<b>\$ 436,429</b>

The Toronto-Dominion Bank guaranteed investment certificate matures in October 2020 and earns interest at a rate of 1.25% annually. The Bank of Montreal guaranteed investment certificate matured on February 2019 and earned interest at rate of 2.40% annually. The bond and equity mutual funds do not have maturity dates.

Non-current investments:

	2019	2018
Toronto-Dominion Bank GIC	\$ -	\$ 54,609

## UNIVERSITY SETTLEMENT

### Notes to Financial Statements

Year ended December 31, 2019

---

#### 4. 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 the Settlement. The effective date was September 1, 2019. Grange Kids is a related party as the Settlement has the ability to exercise direct control over Grange Kids, through common Board members and the operations of Grange Kids are dependent on the Settlement as it uses the Settlement's resources to operate its programming.

Included in accounts receivable as at December 31, 2019 is \$71,746 owing from Grange Kids. The accounts receivable due from Grange Kids are unsecured with no fixed terms of repayment.

Related party transactions include:

Cost recovery revenue	\$	36,864
Management fee revenue		6,184
		<hr/>
	\$	43,048

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, 2019**

**5. Capital assets**

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold interest (building)	\$ 1	\$ -	\$ 1	\$ 1
Cleaning equipment	5,155	4,124	1,031	2,062
Leasehold improvements	82,031	69,886	12,145	27,823
Computer equipment	28,889	13,126	15,763	-
Computer software	43,015	20,145	22,870	29,015
Piano	15,000	1,125	13,875	-
Playground equipment	92,454	17,747	74,707	83,952
Gym equipment	4,127	344	3,783	3,920
	270,672	126,497	144,175	146,773
Equipment under capital lease	70,660	25,282	45,378	53,132
	<b>\$ 341,332</b>	<b>\$ 151,779</b>	<b>\$ 189,553</b>	<b>\$ 199,905</b>

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 incurred on the building. During the year, the City paid \$290,402 (2018 - \$300,879) for maintenance of the building.

Amortization includes amortization of equipment under capital lease of \$7,891 (2018 - \$6,928).

## UNIVERSITY SETTLEMENT

### Notes to Financial Statements

Year ended December 31, 2019

#### 6. 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.

	2019	2018
Fees for services	\$ 110,642	\$ 83,050
Various government grants - Federal, Provincial and City of Toronto	382,140	325,168
Foundation contributions	-	4,291
Balance, end of year	492,782	412,509
Less: current portion	(421,284)	(331,011)
Due beyond one year	\$ 71,498	\$ 81,498



**UNIVERSITY SETTLEMENT**  
**Notes to Financial Statements**  
**Year ended December 31, 2019**

**7. Capital lease obligation**

	2019	2018
Equipment under capital lease, bearing interest at 7.09% per annum, matures in December 2020 and is repayable in blended monthly payments of \$1,414	\$ 20,319	\$ 32,996
Less: current portion	(16,335)	(15,220)
Due beyond one year	\$ 3,984	\$ 17,776

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

2020	\$ 21,000
Total future minimum lease payments	21,000
Less amount representing interest	(681)
Present value of minimum net lease payments	\$ 20,319

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 \$2,791 (2018 - \$2,791).

**UNIVERSITY SETTLEMENT**

**Notes to Financial Statements**

**Year Ended December 31, 2019**

**8. Interfund balances and restrictions on net assets**

	2018	Interest earned and contributions	Inter-fund transfer	Expenses	2019
<b>Endowments</b>					
<i>Music and Arts</i>					
Sylvia Schwartz	\$ 9,819	\$ 286	\$ -	\$ (286)	\$ 9,819
Shiu-Shum Lo Memorial	16,675	2,486	-	(486)	18,675
Margaret Grant	5,263	153	-	(153)	5,263
W.G. Hall Memorial	4,892	143	-	(142)	4,893
<i>Recreation - Youth Leadership</i>					
Mary Fraser	4,754	139	-	(139)	4,754
	41,403	3,207	-	(1,206)	43,404
<b>Restricted externally</b>					
<i>Music and Arts</i>					
General	77,203	2,250	-	(2,250)	77,203
Florence & David Steinhauer	14,925	535	-	(435)	15,025
Mark Hill Memorial	7,905	230	-	(230)	7,905
Madeleine Emma Lasserre	2,267	66	-	(66)	2,267
<i>Recreation - Youth Leadership</i>					
Robert Kauppinen	5,577	162	-	(162)	5,577
Marshall A. Golden Memorial	5,130	150	-	(300)	4,980
<i>Other Programs</i>					
Subsidies and programs	79,122	2,306	-	(1,476)	79,952
	192,129	5,699	-	(4,919)	192,909
<b>Restriction internally</b>					
<i>Recreation - Camp</i>					
General Camp	316,426	9,223	34,966	-	360,615
Edward Roth	2,866	84	-	-	2,950
<i>Recreation - Children &amp; Youth</i>					
Ethyle M. Start	74,924	2,184	-	-	77,108
Youth Program	42,831	1,248	-	-	44,079
<i>Scholarship</i>					
General Scholarship	40,248	1,173	-	-	41,421
<i>Music and Arts</i>					
Music Instrument	20,634	2,611	(15,000)	-	8,245
<i>General</i>					
Technological improvement reserve	170,000	4,954	81,586	(9,428)	247,112
Fanny V. Birdsall	32,967	961	-	-	33,928
Elizabeth J. Clarry	6,376	186	-	-	6,562
Mary Margaret Slater	6,376	186	-	-	6,562
Emil First	1,174	34	-	-	1,208
90th Anniversary	15,831	461	-	-	16,292
<i>Senior Citizen Fund</i>					
Cho-Tsing-Cheung	5,295	154	-	-	5,449
	735,948	23,459	101,552	(9,428)	851,531
<b>Total</b>	<b>\$ 969,480</b>	<b>\$ 32,365</b>	<b>\$ 101,552</b>	<b>\$ (15,553)</b>	<b>\$ 1,087,844</b>

## UNIVERSITY SETTLEMENT

### Notes to Financial Statements

Year ended December 31, 2019

---

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

During the prior 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 \$81,586 (2018 - \$170,000) from the unrestricted fund to the internally restricted technological improvement reserve fund.

In addition, the Board of Directors transferred \$34,966 (2018 - \$50,716) 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:

	2019	2018
Capital assets	\$ 189,553	\$ 199,905
Deferred revenue related to capital assets	(81,499)	(83,187)
Capital lease obligation	(20,319)	(32,996)
	<hr/>	<hr/>
	\$ 87,735	\$ 83,722

#### 9. Wages subsidies

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

	2019	2018
Wage subsidies	\$ 172,352	\$ 134,803
Pay equity	61,332	61,332
Wage improvement	17,528	17,528
	<hr/>	<hr/>
	\$ 251,212	\$ 213,663

In addition, the Settlement received wage enhancement of \$51,157 (2018 - \$58,583) from the City of Toronto.

**UNIVERSITY SETTLEMENT**  
**Notes to Financial Statements**  
**Year ended December 31, 2019**

---

**10. Lease commitments**

The Settlement is committed to premise leases terminating from 2020 to 2022. 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:

2020	\$ 212,378
2021	174,102
2022	14,206
<hr/>	
	\$ 400,686

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

## UNIVERSITY SETTLEMENT

### Notes to Financial Statements

Year ended December 31, 2019

---

#### 11. Controlled entity's financial statements

The financial statements of Grange Kids, an entity controlled by the Settlement, has not been consolidated in these financial statements. Grange Kids' financial statements are prepared under the same accounting policies as the Settlement. 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 the Settlement at 23 Grange Road. A management fee and costs are charged by the Settlement to Grange Kids as described in Note 4 of these financial statements. There are no restrictions on the funds received by Grange Kids from the Settlement.

Summaries of the controlled entity's financial position as at December 31, 2019 and results of its operations from commencement on April 18, 2019 to December 31, 2019 are as follows:

##### Statement of financial position:

Total assets	\$ 71,739
Total liabilities	(71,747)
<hr/>	
Total net deficiency	(8)

##### Statement of revenue and expenses:

Total revenue	\$ 43,048
Total expenditures	(43,056)
<hr/>	
Excess of expenses over revenue	\$ (8)

##### Statement of cash flows:

Operating activities	\$ 71,739
----------------------	-----------

## UNIVERSITY SETTLEMENT

### Notes to Financial Statements

Year ended December 31, 2019

---

#### 12. Financial instruments

The Settlement 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. The Settlement's investments in publicly traded securities expose the Settlement to market risk as such investments are subject to price changes in the open market. The Settlement does not use derivative financial instruments to alter the effects of this risk.

(b) 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. Subsequent event

Subsequent to the year-end, economic uncertainties have arisen as a result of the COVID-19 coronavirus pandemic. The spread of this virus has caused business disruptions. The related financial impact and duration of this disruption to the Settlement cannot be reasonably estimated at this time.