

UNIVERSITY SETTLEMENT

Financial Statements

Year ended December 31, 2018

UNIVERSITY SETTLEMENT
Index to Financial Statements
December 31, 2018

	PAGE
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
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 - 17
SCHEDULES OF REVENUE, EXPENSES AND ALLOCATION.....	
GOVERNMENT REVENUE.....	18
ADMINISTRATION.....	19
MAINTENANCE.....	20
RECREATION AND WELLNESS.....	21
DAY CARE.....	22
SENIORS, SETTLEMENT & SOCIAL SERVICES (S & SS) AND NEWCOMER SETTLEMENT PROGRAM (NSP).....	23
WEEKEND EMERGENCY SHELTER.....	24
LANGUAGE INSTRUCTION FOR NEWCOMERS TO CANADA/INFORMATION AND ORIENTATION (LINC/I/O).....	25
MUSIC AND ARTS SCHOOL.....	26
EMPLOYMENT AND TRAINING.....	27

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, 2018, 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, 2018, 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 - cont'd

- ◆ 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

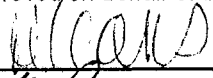
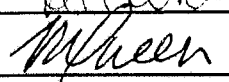
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 28, 2019

UNIVERSITY SETTLEMENT
Statement of Financial Position
December 31, 2018

	Operating Fund	Special Funds (Note 7)	Total 2018	Total 2017
Assets				
Current				
Cash and cash equivalents	\$ 745,688	\$ 2,162	\$ 747,850	\$ 419,918
Investments (Note 3)	-	436,429	436,429	492,752
Government grants receivable	132,904	-	132,904	33,050
Accounts receivable	49,730	-	49,730	78,611
Inter-fund balances (Note 7)	(476,280)	476,280	-	-
Prepaid expenses	97,560	-	97,560	129,056
	549,602	914,871	1,464,473	1,153,387
Investments (Note 3)	-	54,609	54,609	-
Capital assets (Note 4)	199,905	-	199,905	153,421
	\$ 749,507	\$ 969,480	\$ 1,718,987	\$ 1,306,808
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 220,280	\$ -	\$ 220,280	\$ 178,973
Deferred grants and fees (Note 5)	412,509	-	412,509	311,361
Current portion of capital lease obligation (Note 6)	15,220	-	15,220	14,180
	648,009	-	648,009	504,514
Capital lease obligation (Note 6)	17,776	-	17,776	31,647
	665,785	-	665,785	536,161
Net assets (deficit)				
Invested in capital assets (Note 7)	83,722	-	83,722	63,454
Unrestricted	-	-	-	(28,524)
Endowments (Note 7)	-	41,403	41,403	41,403
Restricted externally (Note 7)	-	192,129	192,129	192,129
Restricted internally (Note 7)	-	735,948	735,948	502,185
	83,722	969,480	1,053,202	770,647
	\$ 749,507	\$ 969,480	\$ 1,718,987	\$ 1,306,808

Approved on behalf of the Board:


 _____ Director

 _____ Director

UNIVERSITY SETTLEMENT

Statement of Changes in Net Assets

Year Ended December 31, 2018

	Invested in capital assets	Unrestricted	Endowments	Restricted externally	Restricted internally	Total 2018	Total 2017
Balance, beginning of year	\$ 63,454	\$ (28,524)	\$ 41,403	\$ 192,129	\$ 502,185	\$ 770,647	\$ 722,079
Excess of revenue over expenses (expenses over revenue)	(27,230)	296,738	-	-	13,047	282,555	48,568
Inter-fund transfers (Note 7)	12,831	(233,547)	-	-	220,716	-	-
Purchase of capital assets net of related liabilities	34,667	(34,667)	-	-	-	-	-
Balance, end of year	\$ 83,722	\$ -	\$ 41,403	\$ 192,129	\$ 735,948	\$ 1,053,202	\$ 770,647

UNIVERSITY SETTLEMENT

Statement of Revenue and Expenses

Year Ended December 31, 2018

	Operating Fund	Special Funds (Note 7)	Total 2018	Total 2017
Revenue				
Fees for services	\$ 1,490,085	\$ -	\$ 1,490,085	\$ 1,411,682
Federal government grants (Schedule, page 18)	1,374,521	-	1,374,521	1,328,302
City of Toronto fees (Schedule, page 18)	984,025	-	984,025	975,411
City of Toronto grants (Schedule, page 18)	748,951	-	748,951	714,991
United Way contribution	357,964	-	357,964	351,703
Provincial government grants (Schedule, page 18)	197,549	-	197,549	193,250
Fundraising and foundation contributions	92,737	-	92,737	108,689
Rental	98,409	-	98,409	58,109
Other	80,660	12,500	93,160	87,340
Investment (Note 7 and Note 8)	817	5,470	6,287	4,571
Productive enterprises	3,400	-	3,400	16,753
	5,429,118	17,970	5,447,088	5,250,801
Expenses				
Salaries	3,536,473	-	3,536,473	3,588,506
Benefits	541,820	-	541,820	588,728
Rent	333,226	-	333,226	329,883
Program	199,738	-	199,738	187,220
Office	127,791	-	127,791	129,445
Other purchased services	124,809	-	124,809	114,682
Food services	71,289	-	71,289	66,270
Other	42,069	4,923	46,992	44,448
Amortization	34,176	-	34,176	32,994
Insurance	31,597	-	31,597	33,839
Recruitment and staff training	30,774	-	30,774	15,227
Audit and legal	28,791	-	28,791	14,109
Promotion and publicity	28,105	-	28,105	26,848
Cleaning supplies	27,970	-	27,970	24,164
Transportation	982	-	982	5,870
	5,159,610	4,923	5,164,533	5,202,233
Excess of revenue over expenses	\$ 269,508	\$ 13,047	\$ 282,555	\$ 48,568

UNIVERSITY SETTLEMENT

Statement of Cash Flows

Year ended December 31, 2018

	Operating Fund	Special Funds (Note 7)	Total 2018	Total 2017
Cash and cash equivalents provided by (used in)				
Operating activities				
Excess of revenue over expenses	\$ 269,508	\$ 13,047	\$ 282,555	\$ 48,568
Amortization	34,176	-	34,176	32,994
Changes in				
Government grants receivable	(99,854)	-	(99,854)	126,621
Accounts receivable	28,881	-	28,881	(7,218)
Inter-fund balances	14,854	(14,854)	-	-
Prepaid expenses	31,496	-	31,496	(67,465)
Accounts payable and accrued liabilities	41,307	-	41,307	(9,670)
Deferred grants and fees	101,148	-	101,148	121,537
	421,516	(1,807)	419,709	245,367
Financing activities				
Repayment of capital lease obligations	(12,831)	-	(12,831)	(12,862)
Investing activities				
Purchase of capital assets excluding leased assets	(80,660)	-	(80,660)	(46,462)
Proceeds on disposal of investments	-	144,166	144,166	823,716
Purchase of investments	-	(142,452)	(142,452)	(885,906)
	(80,660)	1,714	(78,946)	(108,652)
Change in cash and cash equivalents	328,025	(93)	327,932	123,853
Cash and cash equivalents, beginning of year	417,663	2,255	419,918	296,065
Cash and cash equivalents, end of year	\$ 745,688	\$ 2,162	\$ 747,850	\$ 419,918

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2018

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.

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 the current year, 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 7 for details regarding these funds.

UNIVERSITY SETTLEMENT
Notes to Financial Statements
Year ended December 31, 2018

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. They have been classified as current since they are capable of reasonably prompt liquidation.

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, 2018

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, 2018.

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 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 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.

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 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, 2018

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 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.

3. Investments

Current investments:

	2018	2017
Bond mutual funds	\$ 285,560	\$ 237,546
GIC	80,519	211,037
Equity mutual funds	70,350	44,169
	<u>\$ 436,429</u>	<u>\$ 492,752</u>

The guaranteed investment certificate matures on February 2019 and earns interest at rate of 2.40% annually. The bond and equity mutual funds do not have a maturity date.

Non-current investments:

	2018	2017
GIC	\$ 54,609	\$ -

The guaranteed investment certificate matures in October 2020 and earns interest at a rate of 1.25% annually.

UNIVERSITY SETTLEMENT
Notes to Financial Statements
Year ended December 31, 2018

4. Capital assets

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold interest (building) \$	1	\$ -	\$ 1	\$ 1
Cleaning equipment	5,155	3,093	2,062	3,093
Leasehold improvements	82,031	54,208	27,823	43,501
Computer equipment	13,127	13,127	-	2,049
Computer software	43,015	14,000	29,015	-
Piano	5,763	5,763	-	576
Playground equipment	92,454	8,502	83,952	44,140
Gym equipment	4,127	207	3,920	-
	245,673	98,900	146,773	93,360
Equipment under capital lease	70,660	17,528	53,132	60,061
	\$ 316,333	\$ 116,428	\$ 199,905	\$ 153,421

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 \$300,879 (2017 - \$294,403) for maintenance of the building.

Amortization includes amortization of equipment under capital lease of \$6,928 (2017 - \$7,066).

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2018

5. Deferred grants and fees

The deferred grants represent restricted grants and contributions received in the current year 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.

	2018	2017
Fees for services	\$ 83,050	\$ 91,148
Various government grants - Federal, Provincial and City of Toronto	325,168	215,921
Foundation contributions	4,291	4,292
	<u>\$ 412,509</u>	<u>\$ 311,361</u>

6. Capital lease obligation

	2018	2017
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	\$ 32,996	\$ 45,827
Less current portion	15,220	14,180
Due beyond one year	<u>\$ 17,776</u>	<u>\$ 31,647</u>

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

2019	\$ 16,971
2020	16,992
Total future minimum lease payments	33,963
Less amount representing interest	967
Present value of minimum net lease payments	<u>\$ 32,996</u>

The obligation under capital lease is secured by lien on the specific equipment under lease. The interest expense paid on the lease during the year was \$2,791 (2017 - \$3,759).

UNIVERSITY SETTLEMENT
Notes to Financial Statements
Year Ended December 31, 2018

7. Interfund balances and restrictions on net assets

	2017	Interest earned and contributions	Inter-fund transfer	Expenses	2018
Endowments					
<i>Music and Arts</i>					
Sylvia Schwartz	\$ 9,819	\$ 73	\$ -	\$ (73)	\$ 9,819
Shiu-Shum Lo Memorial	16,675	124	-	(124)	16,675
Margaret Grant	5,263	39	-	(39)	5,263
W.G. Hall Memorial	4,892	36	-	(36)	4,892
<i>Recreation - Youth Leadership</i>					
Mary Fraser	4,754	35	-	(35)	4,754
	41,403	307	-	(307)	41,403
Restricted externally					
<i>Music and Arts</i>					
General	77,203	574	-	(574)	77,203
Florence & David Steinhauer	14,925	111	-	(111)	14,925
Mark Hill Memorial	7,905	59	-	(59)	7,905
Madeleine Emma Lasserre	2,267	17	-	(17)	2,267
<i>Recreation - Youth Leadership</i>					
Robert Kauppinen	5,577	41	-	(41)	5,577
Marshall A. Golden Memorial	5,130	38	-	(38)	5,130
<i>Other Programs</i>					
Subsidies and programs	79,122	588	-	(588)	79,122
	192,129	1,428	-	(1,428)	192,129
Restriction internally					
<i>Recreation - Camp</i>					
General Camp	265,335	1,975	50,716	(1,600)	316,426
Edward Roth	2,863	21	-	(18)	2,866
<i>Recreation - Children & Youth</i>					
Ethyle M. Start	74,882	557	-	(515)	74,924
Youth Program	42,813	318	-	(300)	42,831
<i>Scholarship</i>					
General Scholarship	40,199	299	-	(250)	40,248
<i>Music and Arts</i>					
Music Instrument	8,124	12,560	-	(50)	20,634
<i>General</i>					
Technological improvement reserve	-	-	170,000	-	170,000
Fanny V. Birdsall	32,942	245	-	(220)	32,967
Elizabeth J. Clarry	6,371	47	-	(42)	6,376
Mary Margaret Slater	6,371	47	-	(42)	6,376
Emil First	1,172	9	-	(7)	1,174
90th Anniversary	15,823	118	-	(110)	15,831
<i>Senior Citizen Fund</i>					
Cho-Tsing-Cheung	5,290	39	-	(34)	5,295
	502,185	16,235	220,716	(3,188)	735,948
Total	\$ 735,717	\$ 17,970	\$ 220,716	\$ (4,923)	\$ 969,480

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2018

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

During the year, the Board of Directors established a new internally restricted fund for a technological improvement reserve. The Board of Directors transferred \$170,000 from the unrestricted fund to the internally restricted technological improvement reserve fund. In addition, the Board of Directors transferred \$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:

	2018	2017
Capital assets	\$ 199,905	\$ 153,421
Deferred revenue related to capital assets	(83,187)	(44,140)
Capital lease obligation	(32,996)	(45,827)
	<u>\$ 83,722</u>	<u>\$ 63,454</u>

8. Investment income

	2018	2017
Interest	\$ 10,958	\$ 4,522
Dividend	4,121	7,505
Unrealized losses on investments	(9,609)	(7,456)
	<u>\$ 5,470</u>	<u>\$ 4,571</u>

9. Wages subsidies

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

	2018	2017
Wage subsidies	\$ 134,803	\$ 110,657
Pay equity	61,332	61,332
Wage improvement	17,528	17,528
	<u>\$ 213,663</u>	<u>\$ 189,517</u>

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2018

9. Wages subsidies - cont'd

In addition, the Settlement received wage enhancement of \$58,583 (2017 - \$61,015) from the City of Toronto.

10. Lease commitments

The Settlement is committed to premise leases terminating from 2020 to 2022 with minimal annual lease payments as follows:

2019	\$ 234,143
2020	146,428
2021	42,201
2022	14,206
	<hr/>
	\$ 436,978

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

11. 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.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2018

12. Allocations

Allocation of United Way contributions

In the current year, the United Way adjusted the manner in which funds were allocated to funded agencies. For the period up to March 31, 2018, United Way contributions were allocated to approved programs based on need. From April 1, 2018 onward, 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.

In the prior year, United Way contributions were allocated to approved programs based on need. Contributions from the United Way were not allocated to the Language Instruction for Newcomers to Canada/Information and Orientation program (LINC//O).

Composition and allocation of administrative expenses

In the current year, the Settlement's net administrative expenses includes administrative staff salaries, building occupancy, promotion and publicity and miscellaneous costs which differs from the prior year. This 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.

In the prior year, the Settlement's net administrative expenses included administrative staff salaries, building occupancy, office, recruitment costs, promotion and publicity, purchased services, staff training, and transportation and miscellaneous costs and 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 2018 and 2017 was based on the percentage of total expenses incurred by each program over total expenses for all programs excluding administrative and the LINC//O program.

The LINC//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.

In the years that the Settlement incurs a net maintenance expense for maintenance staff salaries, cleaning supplies, insurance and other costs, maintenance costs are 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. In the current and prior year there was a net maintenance recovery thus no allocation was completed.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2018

12. Allocations - cont'd

	2018	2017
Day Care	\$ 132,226	\$ 117,966
Seniors, Settlement & Social Services and Newcomer Settlement Program	18,889	21,117
Recreation and Wellness	83,113	82,399
Weekend Emergency Shelter	56,668	53,980
Music and Arts School	37,779	33,885
Maintenance	26,445	29,396
Employment and Training	22,667	20,284
	<hr/>	<hr/>
	\$ 377,787	\$ 359,027

13. Subsequent event

On April 18, 2019 the Settlement incorporated Grange Kids, a separate entity established to provide educational and support services for children and youth in life skills training, leadership training, academic assistance and peer mentoring. The effect, if any, on the financial statements or operations at this time is undeterminable.

14. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation including the net administrative expense allocation on the schedules to the financial statements.

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2018

Government Revenue

	2018	2017
Federal government grants		
Citizenship and Immigration Canada	\$ 1,283,861	\$ 1,204,393
Health Canada	58,522	58,522
Employment and Social Development Canada	32,138	40,475
New Horizons	-	24,912
	1,374,521	1,328,302
City of Toronto fees		
Shelter Support and Housing	493,982	547,030
Children's Services	342,403	273,638
Toronto Employment and Social Services	124,949	123,667
Investing in Neighbourhood	22,691	31,076
	984,025	975,411
City of Toronto grants		
Property Grant (Note 4)	300,879	294,403
General Operating Grant (Note 9)	213,663	189,517
Community Services Partnership	134,550	131,780
Wage Enhancement (Note 9)	58,583	61,015
Toronto Arts Council	26,500	23,500
Children's Services	14,776	14,776
	748,951	714,991
Provincial government grants		
Ministry of Citizenship and Immigration and International Trade	150,549	150,550
Ministry of Senior Affairs	47,000	42,700
	197,549	193,250
	\$ 3,305,046	\$ 3,211,954

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2018

Administration

	2018	2017
Revenue		
United Way contribution (Note 12)	\$ 131,662	\$ 285,181
Other	60,835	73,460
Fundraising and foundation contributions	31,781	37,035
Provincial government grants	24,761	24,761
City of Toronto fees	22,691	15,462
Rental	1,769	15,133
Investment	817	595
	274,316	451,627
Expenses		
Salaries	517,477	559,532
Benefits	66,211	89,852
Other purchased services	65,550	103,881
Rent	45,841	50,665
Audit and legal	28,791	14,109
Insurance	24,305	26,169
Promotion and publicity	22,338	22,188
Recruitment and staff training	22,317	6,400
Office	13,088	83,767
Amortization	3,783	5,743
Other	2,168	3,004
Program costs (recovery)	346	(4,885)
Transportation	317	198
LINC//O recovery	(160,429)	(149,969)
	652,103	810,654
Net administration expense for allocation	\$ (377,787)	\$ (359,027)
Expense allocation to programs		
Day Care	\$ 132,226	\$ 117,966
Seniors, Settlement & Social Services and Newcomer Settlement Program	18,889	21,117
Recreation and Wellness	83,113	82,399
Weekend Emergency Shelter	56,668	53,980
Music and Arts School	37,779	33,885
Maintenance	26,445	29,396
Employment and Training	22,667	20,284
	\$ 377,787	\$ 359,027

Refer to Note 12 for details on allocation basis.

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2018

Maintenance

	2018	2017
Revenue		
City of Toronto grants	\$ 300,879	\$ 294,402
Provincial government grants	7,490	7,490
	308,369	301,892
Expenses		
Salaries	160,754	184,280
Benefits	27,397	39,336
Cleaning supplies	27,970	22,380
Other	11,459	5,912
Insurance	7,292	7,670
Amortization	1,031	1,031
Recruitment and staff training (Note 12)	260	-
Program (Note 12)	12	-
	236,175	260,609
Allocation of indirect expenses (Note 12)		
Administrative	26,445	29,396
Excess of revenues over expenses	\$ 45,749	\$ 11,887

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2018

Recreation and Wellness

	2018	2017
Revenue		
Fees for services	\$ 615,806	\$ 560,650
Federal government grants	90,660	98,997
City of Toronto grants	81,776	80,347
United Way contribution (Note 12)	51,298	29,928
Provincial government grants	30,363	30,363
Rental income	21,050	-
Fundraising and foundation contributions	11,246	20,417
Other	1,700	2,553
Productive enterprises	6	7,101
	903,905	830,356
Expenses		
Salaries	511,835	555,087
Program	83,495	76,988
Benefits	57,856	74,436
Other purchased services	28,037	7,576
Office	19,691	16
Amortization	6,928	9,389
Promotion and publicity	3,444	3,104
Recruitment and staff training	1,515	2,387
Other	1,031	1,508
	713,832	730,491
Allocation of indirect expenses (Note 12)		
Administrative	83,113	82,399
Excess of revenue over expenses	\$ 106,960	\$ 17,466

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2018

Day Care

	2018	2017
Revenue		
Fees for services	\$ 618,044	\$ 604,119
City of Toronto grants	342,403	250,533
City of Toronto fees	272,246	286,034
Other	6,679	2,323
	1,239,372	1,143,009
Expenses		
Salaries	875,823	836,851
Benefits	160,304	162,787
Food services	28,615	24,176
Other purchased services (Note 12)	20,713	-
Program	18,725	17,767
Office (Note 12)	8,952	-
Amortization (Note 12)	6,179	-
Recruitment and staff training	3,662	4,230
	1,122,973	1,045,811
Allocation of indirect expenses (Note 12)		
Administrative	132,226	117,966
Excess of expenses over revenue	\$ (15,827)	\$ (20,768)

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2018

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

	S & SS	NSP	Total 2018	Total 2017
Revenue				
Provincial government grants	\$ 50,697	\$ 55,815	\$ 106,512	\$ 102,212
United Way contribution (Note 12)	91,566	-	91,566	3,132
City of Toronto grants	67,550	-	67,550	66,209
Productive enterprises	3,322	-	3,322	9,547
Other	2,600	-	2,600	133
Fees for services	2,400	-	2,400	3,360
Fundraising and foundation contributions	1,509	-	1,509	1,835
Federal government grants	-	-	-	24,912
	219,644	55,815	275,459	211,340
Expenses				
Salaries	54,669	45,731	100,400	131,405
Benefits	14,171	9,809	23,980	33,711
Office	12,870	-	12,870	1,258
Program	5,743	-	5,743	11,138
Promotion and publicity	1,962	-	1,962	34
Other	394	275	669	4,921
Transportation	18	-	18	2,242
Other purchased services	16	-	16	2,500
	89,843	55,815	145,658	187,209
Allocation of indirect expenses (Note 12)				
Administrative	18,889	-	18,889	21,117
Program operating surplus (deficit)	110,912	-	110,912	3,014
United Way allocation (Note 12)	-	-	-	6,610
Excess of revenue over expenses	\$ 110,912	\$ -	\$ 110,912	\$ 9,624

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2018

Weekend Emergency Shelter

	2018	2017
Revenue		
City of Toronto fees	\$ 493,981	\$ 547,030
United Way contribution (Note 12)	39,622	9,622
Fundraising and foundation contributions	1,990	932
	535,593	557,584
Expenses		
Salaries	360,999	370,003
Food services	42,674	42,094
Benefits	41,474	31,182
Program	25,511	30,206
Office (note 12)	11,859	-
Recruitment and staff training	1,535	2,153
Transportation	-	2,915
	484,052	478,553
Allocation of indirect expenses (Note 12)		
Administrative	56,668	53,980
Excess of revenue over expenses (expenses over revenue)	\$ (5,127)	\$ 25,051

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2018

Language Instruction for Newcomers to Canada/Information and Orientation

Program (LINC//O)

	2018	2017
Revenue		
Federal government grants	\$ 1,283,861	\$ 1,204,393
Expenses		
Salaries	705,931	662,851
Rent	203,657	198,172
Benefits	125,079	123,945
Office	44,676	31,338
Other	26,742	24,817
Program costs	15,672	11,520
Recruitment and staff training	1,130	57
Transportation	545	515
Promotion and publicity	-	1,209
	1,123,432	1,054,424
LINC//O recovery of expenses	160,429	149,969
Excess of revenue over expenses	\$ -	\$ -

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2018

Music and Arts School

	2018	2017
Revenue		
Fees for services	\$ 253,835	\$ 243,553
Fundraising and foundation contributions	46,163	48,470
United Way contribution (Note 12)	43,816	755
Toronto Art Council grants	26,500	23,500
Provincial government grants	20,780	20,780
Other	854	530
Productive enterprises	72	105
Rental	30	10
	392,050	337,703
Expenses		
Salaries	228,599	230,805
Program	50,234	44,319
Benefits	24,721	21,795
Office	10,702	231
Other purchased services	10,495	725
Rent	1,970	1,060
Amortization	576	1,153
Promotion and publicity	314	313
Recruitment and staff training (Note 12)	288	-
Transportation (Note 12)	102	-
	328,001	300,401
Allocation of indirect expenses (Note 12)		
Administrative	37,779	33,885
Program operating surplus	26,270	3,417
Excess of revenue over expenses	\$ 26,270	\$ 3,417

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2018

Employment and Training

	2018	2017
Revenue		
City of Toronto fees	\$ 124,949	\$ 126,885
Rental	75,561	42,966
Other	7,991	8,341
Provincial government grants	7,644	7,644
Fundraising and foundation contributions	48	-
	216,193	185,836
Expenses		
Salaries	74,655	57,692
Rent	81,759	79,986
Amortization	15,678	15,678
Benefits	14,799	11,684
Office	5,951	12,835
Recruitment and staff training	65	-
Promotion and publicity (Note 12)	47	-
Cleaning supplies (Note 12)	-	1,784
Program costs	-	166
	192,954	179,825
Allocation of indirect expenses (Note 12)		
Administrative	22,667	20,284
Program operating deficit	572	(14,273)
United Way allocation (Note 12)	-	16,475
Excess of revenue over expenses	\$ 572	\$ 2,202