

UNIVERSITY SETTLEMENT

Financial Statements

Year ended December 31, 2021

UNIVERSITY SETTLEMENT
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December 31, 2021

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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, 2021, 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 US as at December 31, 2021, 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 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 is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing US 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing US 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:

INDEPENDENT AUDITOR'S REPORT - cont'd

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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, 2022

UNIVERSITY SETTLEMENT
Statement of Financial Position
December 31, 2021

	Operating Fund	Special Funds (Note 8)	Total 2021	Total 2020
Assets				
Current				
Cash and cash equivalents	\$ 676,225	\$ 1,871	\$ 678,096	\$ 673,559
Investments (Note 3)	-	1,401,036	1,401,036	961,882
Government grants receivable (Note 4)	54,025	-	54,025	345,538
Accounts receivable (Note 5)	26,297	-	26,297	49,104
Inter-fund balances (Note 5)	(42,233)	42,233	-	-
Prepaid expenses	104,801	-	104,801	101,972
	819,115	1,445,140	2,264,255	2,132,055
Investments (Note 3)	-	153,960	153,960	55,986
Capital assets (Note 6)	133,135	-	133,135	165,029
	\$ 952,250	\$ 1,599,100	\$ 2,551,350	\$ 2,353,070
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 5)	\$ 177,802	\$ -	\$ 177,802	\$ 64,924
Current portion of deferred grants and fees (Note 7)	652,145	-	652,145	585,923
Current portion of capital lease obligation	-	-	-	10
	829,947	-	829,947	650,857
Deferred grants and fees (Note 7)	51,498	-	51,498	61,498
	881,445	-	881,445	712,355
Net assets				
Unrestricted	-	-	-	-
Invested in capital assets (Note 8)	70,805	-	70,805	93,522
Endowments (Note 8)	-	118,404	118,404	43,404
Restricted externally (Note 8)	-	196,772	196,772	196,772
Restricted internally (Note 8)	-	1,283,924	1,283,924	1,307,017
	70,805	1,599,100	1,669,905	1,640,715
	\$ 952,250	\$ 1,599,100	\$ 2,551,350	\$ 2,353,070

Approved on behalf of the Board:

Director

Director

UNIVERSITY SETTLEMENT

Statement of Changes in Net Assets

Year Ended December 31, 2021

	Unrestricted	Invested in capital assets	Endowments	Restricted externally	Restricted internally	Total 2021	Total 2020
Balance, beginning of year	\$ -	\$ 93,522	\$ 43,404	\$ 196,772	\$ 1,307,017	\$ 1,640,715	\$ 1,175,579
Excess of revenue over expenses (expenses over revenue)	55,705	(25,586)	75,000	-	(75,929)	29,190	465,136
Inter-fund transfers (Note 8)	(52,846)	10	-	-	52,836	-	-
Purchase of capital assets							
net of related liabilities	(2,859)	2,859	-	-	-	-	-
Balance, end of year	\$ -	\$ 70,805	\$ 118,404	\$ 196,772	\$ 1,283,924	\$ 1,669,905	\$ 1,640,715

UNIVERSITY SETTLEMENT

Statement of Revenue and Expenses

Year Ended December 31, 2021

	Operating Fund	Special Funds (Note 8)	Total 2021	Total 2020
Revenue				
Federal government grants (Schedule, page 21)	\$ 1,438,940	\$ -	\$ 1,438,940	\$ 1,227,024
City of Toronto grants (Notes 6 and 9) (Schedule, page 21)	876,595	-	876,595	793,837
Government assistance (Note 4)	873,119	-	873,119	797,208
Fees for services (Note 5)	696,589	-	696,589	549,083
City of Toronto fees (Schedule, page 21)	349,429	-	349,429	272,792
United Way contribution	306,225	-	306,225	320,186
Provincial government grants (Schedule, page 21)	200,054	-	200,054	192,905
Fundraising and foundation contributions	98,680	-	98,680	69,959
Other	31,838	75,000	106,838	47,493
Investment	1,594	21,271	22,865	52,585
Rental	600	-	600	47,155
Productive enterprises	-	-	-	76
	4,873,663	96,271	4,969,934	4,370,303
Expenses				
Salaries	3,351,743	-	3,351,743	2,573,061
Benefits	570,065	-	570,065	476,860
Rent	281,461	-	281,461	315,957
Office	199,080	-	199,080	173,692
Other purchased services	130,959	-	130,959	89,664
Other (Note 8)	19,553	97,200	116,753	25,736
Program	90,547	-	90,547	86,547
Audit and legal	50,764	-	50,764	30,077
Cleaning supplies	34,528	-	34,528	32,066
Insurance	33,121	-	33,121	30,465
Recruitment and staff training	25,341	-	25,341	17,721
Amortization	21,356	-	21,356	35,696
Food services	19,258	-	19,258	12,755
Promotion and publicity	15,088	-	15,088	22,263
Transportation	680	-	680	425
Grange Kids recovery (Note 5)	-	-	-	(17,818)
	4,843,544	97,200	4,940,744	3,905,167
Excess of revenue over expenses (expenses over revenue)	\$ 30,119	\$ (929)	\$ 29,190	\$ 465,136

UNIVERSITY SETTLEMENT
Statement of Cash Flows
Year ended December 31, 2021

	Operating Fund	Special Funds (Note 8)	Total 2021	Total 2020
Cash provided by (used in)				
Operating activities				
Excess of revenue over expenses (expenses over revenue)	\$ 30,119	\$ (929)	\$ 29,190	\$ 465,136
Loss on disposal of asset	-	13,397	13,397	-
Unrealized loss (gain) on marketable securities	-	8,080	8,080	(32,721)
Amortization, net deferred revenue amortization	12,189	-	12,189	25,696
	42,308	20,548	62,856	458,111
Changes in				
Government grants receivable	291,513	-	291,513	(326,898)
Accounts receivable	22,807	-	22,807	55,625
Inter-fund balances	(525,617)	525,617	-	-
Prepaid expenses	(2,829)	-	(2,829)	5,843
Accounts payable and accrued liabilities	112,878	-	112,878	(36,368)
Deferred grants and fees	65,389	-	65,389	164,639
	6,449	546,165	552,614	320,952
Financing activities				
Repayment of capital lease obligations	(10)	-	(10)	(20,309)
Investing activities				
Purchase of capital assets excluding leased assets	(2,859)	-	(2,859)	(11,172)
Proceeds on disposal of investments	-	832,177	832,177	329,701
Purchase of investments	-	(1,377,385)	(1,377,385)	(632,305)
	(2,859)	(545,208)	(548,067)	(313,776)
Change in cash	3,580	957	4,537	(13,133)
Cash and cash equivalents, beginning of year	672,645	914	673,559	686,692
Cash and cash equivalents, end of year	\$ 676,225	\$ 1,871	\$ 678,096	\$ 673,559

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2021

1. Purpose of the organization

University Settlement ("US") was incorporated without share capital under the laws of the Province of Ontario on May 16, 1944. 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 \$21,356 less deferred capital asset contributions recognized of \$9,167 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.

Refer to Note 8 for details regarding these funds.

UNIVERSITY SETTLEMENT
Notes to Financial Statements
Year ended December 31, 2021

2. Summary of significant accounting policies - cont'd

Investments

Investments consist of fixed income mutual funds, guaranteed investment certificates (GICs), debt securities 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

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

Cleaning equipment	5 years
Computer equipment	5 years
Computer software	2 to 10 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, 2021

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, 2021.

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 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, 2021

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 6). 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

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, 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.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2021

3. Investments

Current investments:

	2021	2020
Fixed income mutual funds	\$ 1,040,682	\$ 850,735
Equity mutual funds	304,188	111,147
Toronto-Dominion Bank GIC	56,166	-
	<u>\$ 1,401,036</u>	<u>\$ 961,882</u>

Non-current investments:

	2021	2020
Debt securities	\$ 153,960	\$ -
Toronto-Dominion Bank GIC	-	55,986
	<u>\$ 153,960</u>	<u>\$ 55,986</u>

The guaranteed investment certificate (GIC) matures in October 2022 and earns interest at a rate of 0.50% (2020 - 0.50%) annually. The debt securities mature in December 2028. The fixed income and equity mutual funds do not have maturity dates.

4. Government assistance

Government grants receivable includes \$Nil (2020 - \$79,548) of government subsidy receivable under the CEWS program.

Included in government assistance is a recovery of \$873,119 (2020 - \$772,208) and \$Nil (2020 - \$25,000) for government assistance received under the CEWS and TWS programs, respectively.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2021

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. During the current year, Grange Kids did not operate any after-school programming.

Included in accounts payable and accrued liabilities as at year end is \$Nil (2020 - \$3,107) owing to Grange Kids. The accounts payable due to Grange Kids were unsecured with no fixed terms of repayment.

Included in accounts receivable as at year-end is \$5,324 (2020 - \$Nil) owing from Grange Kids. The accounts receivable due from Grange Kids are unsecured with no fixed terms of repayment.

Related party transactions include:

	2021	2020
Cost recovery revenue	\$ -	\$ 17,818

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, 2021

6. Capital assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold interest (building) \$	1	\$ -	\$ 1	\$ 1
Cleaning equipment	5,155	5,155	-	-
Leasehold improvements	82,031	78,391	3,640	3,640
Computer equipment	13,127	13,127	-	-
Computer software	45,875	23,306	22,569	32,755
Piano	15,000	7,500	7,500	10,875
Playground equipment	92,454	37,005	55,449	65,461
Gym equipment	85,959	41,983	43,976	14,956
	339,602	206,467	133,135	127,688
Equipment under capital lease	-	-	-	37,341
	\$ 339,602	\$ 206,467	\$ 133,135	\$ 165,029

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. The City also agreed to pay the annual maintenance incurred on the building. During the year, the City paid \$294,402 (2020 - \$294,402) for maintenance of the building.

Included in gym equipment was gym equipment under capital lease with a cost of \$70,660 and accumulated amortization of \$37,341. The capital lease obligation matured on January 8, 2021. The full principal amount of the capital lease obligation was paid in 2021. As such, there is no gym equipment under capital lease included in capital assets as at the end of the fiscal year.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2021

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.

	2021	2020
Various government grants - Federal, Provincial and City of Toronto	\$ 593,755	\$ 583,291
Foundation grants	78,825	35,000
Fees for services	31,063	29,130
Balance, end of year	703,643	647,421
Less: current portion	(652,145)	(585,923)
Due beyond one year	\$ 51,498	\$ 61,498
	2021	2020
Balance, beginning of year	\$ 647,421	\$ 492,782
Add: Amounts received during the year	4,507,990	3,630,151
Less: Amounts recognized as revenue during the year	(4,451,768)	(3,475,512)
Balance, end of year	\$ 703,643	\$ 647,421

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year Ended December 31, 2021

8. Interfund balances and restrictions on net assets

	2020	Interest earned and contributions	Inter-fund transfer	Expenses	2021
Endowments					
<i>Music and Arts</i>					
Sylvia Schwartz	\$ 9,819	\$ 135	\$ -	\$ (135)	\$ 9,819
Shiu-Shum Lo Memorial	18,675	257	-	(257)	18,675
Margaret Grant	5,263	72	-	(72)	5,263
W.G. Hall Memorial	4,893	67	-	(67)	4,893
Aasta Levene Scholarship	-	75,000	-	-	75,000
<i>Recreation - Youth Leadership</i>					
Mary Fraser	4,754	65	-	(65)	4,754
	43,404	75,596	-	(596)	118,404
Restricted externally					
<i>Music and Arts</i>					
General	77,203	1,061	-	(1,061)	77,203
Florence & David Steinhauer	15,125	208	-	(208)	15,125
Mark Hill Memorial	7,905	109	-	(109)	7,905
Madeleine Emma Lasserre	2,267	31	-	(31)	2,267
<i>Recreation - Youth Leadership</i>					
Robert Kauppinen	5,577	77	-	(77)	5,577
Marshall A. Golden Memorial	4,980	68	-	(68)	4,980
<i>Other Programs</i>					
Subsidies and programs	83,715	1,151	-	(1,151)	83,715
	196,772	2,705	-	(2,705)	196,772
Restriction internally					
<i>Recreation - Camp</i>					
General Camp	585,516	8,050	-	(3,272)	590,294
Edward Roth	3,076	42	-	(17)	3,101
<i>Recreation - Children & Youth</i>					
Ethyle M. Start	80,409	1,106	-	(449)	81,066
Youth Program	45,966	632	-	(257)	46,341
<i>Scholarship</i>					
General Scholarship	43,194	594	-	(241)	43,547
<i>Music and Arts</i>					
Music Instrument	8,703	120	-	(49)	8,774
<i>General</i>					
Technological improvement reserve	467,154	6,422	52,836	(89,205)	437,207
Fanny V. Birdsall	35,381	486	-	(198)	35,669
Elizabeth J. Clarry	6,843	94	-	(38)	6,899
Mary Margaret Slater	6,843	94	-	(38)	6,899
Emil First	1,260	17	-	(7)	1,270
90th Anniversary	16,990	234	-	(95)	17,129
<i>Senior Citizen Fund</i>					
Cho-Tsing-Cheung	5,682	78	-	(32)	5,728
	1,307,017	17,969	52,836	(93,898)	1,283,924
Total	\$ 1,547,193	\$ 96,270	\$ 52,836	\$ (97,199)	\$ 1,599,100

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2021

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

In the current year, the Board of Directors transferred the operating surplus of \$52,846 (2020 - \$209,462) from the unrestricted fund to the internally restricted funds.

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:

	2021	2020
Capital assets	\$ 133,135	\$ 165,029
Deferred revenue related to capital assets	(62,330)	(71,497)
Capital lease obligation	-	(10)
	<u>\$ 70,805</u>	<u>\$ 93,522</u>

9. Daycare operating grant and wage subsidies

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

	2021	2020
Operating grant	\$ 253,928	\$ 217,109
Safe Restart	108,676	50,307
Pay equity	-	34,104
	<u>\$ 362,604</u>	<u>\$ 301,520</u>

In 2021, US received \$271,881 (2020 - \$77,636) for the Safe Restart funding of which \$108,676 (2020 - \$50,307) was recognized as revenue and \$163,205 (2020 - \$27,329) has been deferred.

In addition, US received and recognized as wage enhancement revenue \$36,588 (2020 - \$31,095) from the City of Toronto.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2021

10. 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. The minimal annual lease payments are as follows:

2022	\$ 174,260
2023	146,810
2024	147,181
2025	102,195
	<hr/>
	\$ 570,446

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

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2021

11. 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, 2021 and 2020 and results of its operations and its cash flows for the 2021 and 2020 fiscal years are as follows:

Statement of financial position:

	2021	2020
Total assets	\$ 739	\$ 4,158
Total liabilities	(5,324)	(4,158)
Total net deficiency	(4,585)	-

Statement of revenue and expenses:

	2021	2020
Total revenue	\$ -	\$ 26,391
Total expenditures	(4,585)	(26,383)
Excess of expenses over revenue	\$ (4,585)	\$ 8

Statement of cash flows:

	2021	2020
Operating activities	\$ (4,585)	\$ (71,000)

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2021

12. 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 equity mutual funds expose US to market risk as such investments are subject to price changes of the underlying securities 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.

It is management's opinion that US is not exposed to any significant liquidity, credit or currency risks.

13. 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 any governments that they intend to terminate any program agreements.

UNIVERSITY SETTLEMENT

Notes to Financial Statements

Year ended December 31, 2021

14. 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 2021 and 2020 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.

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2021

Government Revenue

	2021	2020
Federal government grants		
Citizenship and Immigration Canada	\$ 1,333,140	\$ 1,158,014
Health Canada	60,020	58,259
Human Resources and Skills Development	32,421	-
New Horizons	13,359	10,751
	1,438,940	1,227,024
Government assistance	873,119	797,208
City of Toronto grants		
General Operating Grant	362,604	301,520
Property Grant	294,402	294,402
Community Services Partnership	141,725	140,320
Wage Enhancement	36,588	31,095
Toronto Arts Council	26,500	26,500
Children's Services	14,776	-
	876,595	793,837
City of Toronto fees		
Toronto Employment and Social Services	186,295	170,381
Children's Services	163,134	102,411
	349,429	272,792
Provincial government grants		
Ministry of Children, Community and Social Services	150,549	150,550
Ministry for Seniors and Accessibility	49,505	42,355
	200,054	192,905
	\$ 3,738,137	\$ 3,283,766

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2021

Administration

	2021	2020
Revenue		
Government assistance	\$ 174,192	\$ 293,799
United Way contribution	61,244	66,593
Fundraising and foundation contributions	45,450	18,858
Provincial government grants	28,581	28,581
Other	22,020	28,463
Federal government grants	13,359	10,751
Investment	1,594	6,010
Rental	-	150
	346,440	453,205
Expenses		
Salaries	599,564	537,761
Benefits	109,779	95,157
Other purchased services	94,264	66,111
Office	55,197	36,091
Rent	52,777	48,600
Audit and legal	50,764	30,077
Insurance	25,266	22,540
Promotion and publicity	12,030	18,059
Recruitment and staff training	10,391	11,184
Other	3,240	3,265
Program costs (recovery)	1,164	(4,643)
Transportation	111	425
Cleaning supplies	48	-
Amortization	-	5,878
LINC//O recovery	(173,757)	(130,646)
	840,838	739,859
Net administration expense for allocation	\$ (494,398)	\$ (286,654)
Expense allocation to programs		
Day Care	\$ 208,291	\$ 124,763
Recreation and Wellness	96,292	46,362
Music and Arts School	68,864	41,134
Maintenance	55,968	30,777
Seniors, Settlement & Social Services and Newcomer Settlement Program	51,723	24,501
Employment and Training	13,260	19,117
	\$ 494,398	\$ 286,654

Refer to Note 14 for details on allocation basis.

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2021

Maintenance

	2021	2020
Revenue		
City of Toronto grants	\$ 294,402	\$ 294,402
Government assistance	84,199	44,269
Provincial government grants	7,490	7,490
	386,091	346,161
Expenses		
Salaries	215,325	147,422
Benefits	41,338	24,667
Cleaning supplies	34,664	31,927
Insurance	7,855	7,925
Other	894	3,025
Amortization	-	1,031
	300,076	215,997
Allocation of indirect expenses (Note 14)		
Administrative	55,968	30,777
Excess of revenue over expenses	\$ 30,047	\$ 99,387

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2021

Recreation and Wellness

	2021	2020
Revenue		
Fees for services	\$ 97,939	\$ 124,320
Federal government grants	92,441	58,259
City of Toronto grants	92,145	75,412
Government assistance	87,561	92,194
United Way contribution	66,990	82,771
Provincial government grants	30,363	30,363
Fundraising and foundation contributions	10,380	517
Other	641	1,764
Rental income	600	-
	479,060	465,600
Expenses		
Salaries	372,134	222,340
Benefits	47,731	36,127
Office	38,574	34,164
Program	25,646	12,926
Other purchased services	12,141	5,814
Recruitment and staff training	10,209	3,920
Amortization	8,321	8,037
Promotion and publicity	974	1,172
Other	546	886
	516,276	325,386
Allocation of indirect expenses (Note 14)		
Administrative	96,292	46,362
Excess of revenue over expenses (expenses over revenue)	\$ (133,508)	\$ 93,852

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2021

Day Care

	2021	2020
Revenue		
Fees for services	\$ 415,213	\$ 252,343
City of Toronto grants	399,192	332,615
Government assistance	394,575	264,294
City of Toronto fees	163,134	102,411
Other	9,628	10,870
	1,381,742	962,533
Expenses		
Salaries	873,568	652,288
Benefits	162,769	135,247
Other purchased services	20,242	14,702
Food services	19,258	12,746
Program	18,609	34,518
Amortization	10,012	9,245
Office	8,231	14,486
Recruitment and staff training	4,072	2,402
	1,116,761	875,634
Allocation of indirect expenses (Note 14)		
Administrative	208,291	124,763
Excess of revenue over expenses (expenses over revenue)	\$ 56,690	\$ (37,864)

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2021

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

	S & SS	NSP	Total 2021	Total 2020
Revenue				
Provincial government grants	\$ 53,202	\$ 55,815	\$ 109,017	\$ 101,868
United Way contribution	111,000	-	111,000	98,400
City of Toronto grants	64,354	-	64,354	64,908
Other	-	-	-	6,421
Fees for services	-	-	-	2,124
Government assistance	-	-	-	542
Fundraising and foundation contributions	-	-	-	132
	228,556	55,815	284,371	274,395
Expenses				
Salaries	174,691	48,518	223,209	123,888
Benefits	21,671	11,184	32,855	26,724
Office	17,231	-	17,231	16,667
Program	3,392	-	3,392	1,795
Other	-	630	630	217
Promotion and publicity	-	-	-	2,669
	216,985	60,332	277,317	171,960
Allocation of indirect expenses (Note 14)				
Administrative	51,723	-	51,723	24,501
Excess of revenue over expenses (expenses over revenue)				
	\$ (40,152)	\$ (4,517)	\$ (44,669)	\$ 77,934

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2021

Language Instruction for Newcomers to Canada/Information and Orientation

Program (LINC//O)

	2021	2020
Revenue		
Federal government grants	\$ 1,333,140	\$ 1,158,014
Expenses		
Salaries	732,641	617,109
Rent	228,383	223,244
Benefits	139,873	123,407
Office	61,699	55,012
Other	11,662	11,224
Recruitment and staff training	2,657	1,075
Program costs	1,294	2,535
	1,178,209	1,033,606
LINC//O overhead recovery	173,757	130,646
Excess of expenses over revenue	\$ (18,826)	\$ (6,238)

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2021

Music and Arts School

	2021	2020
Revenue		
Fees for services	\$ 183,437	\$ 188,115
Government assistance	112,950	84,479
United Way contribution	66,991	72,422
Fundraising and foundation contributions	42,400	50,081
Toronto Art Council grants	26,500	26,500
Provincial government grants	20,780	20,780
Other	-	82
Productive enterprises	-	73
	453,058	442,532
Expenses		
Salaries	276,982	204,963
Program	43,224	39,417
Benefits	30,271	25,773
Office	10,565	10,442
Amortization	3,375	3,000
Promotion and publicity	1,885	364
Other purchased services	1,245	3,026
Recruitment and staff training	803	110
Transportation	570	-
Rent	300	1,600
	369,220	288,695
Allocation of indirect expenses (Note 14)		
Administrative	68,864	41,134
Excess of revenue over expenses	\$ 14,974	\$ 112,703

UNIVERSITY SETTLEMENT

Schedule of Revenue, Expenses and Allocation

Year Ended December 31, 2021

Employment and Training

	2021	2020
Revenue		
City of Toronto fees	\$ 186,295	\$ 170,439
Government assistance	19,641	16,957
Provincial government grants	3,824	3,824
Rental	-	47,005
	209,760	238,225
Expenses		
Salaries	58,321	67,290
Office	7,320	6,777
Benefits	5,451	9,087
Rent	-	42,514
Amortization	-	8,504
	71,092	134,172
Allocation of indirect expenses (Note 14)		
Administrative	13,260	19,117
Excess of revenue over expenses	\$ 125,408	\$ 84,936