

Financial statements of

THE SECOND MILE CLUB OF TORONTO

March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of
THE SECOND MILE CLUB OF TORONTO

Opinion

We have audited the financial statements of The Second Mile Club of Toronto ("the Organization"), which comprise the balance sheet as at March 31, 2023, and the statements of operations, changes in net assets 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 Organization as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Organization 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 the Organization'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.
- 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 Organization'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 doubt on the Organization'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 Organization 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.

TORONTO, Ontario
June 27, 2023



Licensed Public Accountants

THE SECOND MILE CLUB OF TORONTO
Balance Sheet

As at March 31	2023	2022
Assets		
Current		
Cash	\$ 864,247	\$ 254,898
Investments - money market funds	16,721	16,247
Public service body rebate receivable	4,699	2,177
Sundry and other receivables	-	280
Prepaid expenses	7,896	7,781
Due from related organizations (note 4(a))	32,665	124
	926,228	281,507
Capital assets (note 5)	31,702	73,831
	\$ 957,930	\$ 355,338
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 65,948	\$ 29,893
Deferred funding revenue	30,402	56,817
Deferred membership revenue	-	4,180
Due to related organization (note 4(a))	650,321	12,678
	746,671	103,568
Deferred capital contributions (note 6)	7,444	47,958
	754,115	151,526
Net assets	203,815	203,812
	\$ 957,930	\$ 355,338

Contingency (note 8)

See accompanying notes to financial statements.

On behalf of the Board of Directors:

 Director

 Director

THE SECOND MILE CLUB OF TORONTO

Statement of Operations

Year ended March 31	2023	2022
Revenue		
Ministry of Health	\$ 546,833	\$ 542,424
Ministry for Seniors and Accessibility	217,783	145,150
Donations	83,387	53,410
City of Toronto	77,668	76,145
Programs and activities	23,457	2,708
Membership fees	13,159	702
Other revenue	474	13
	962,761	820,552
Expenses		
Salaries, wages and benefits	660,419	627,572
Occupancy	103,257	79,323
Programs and activities	96,427	9,822
Purchased services	53,400	53,400
Office and other	25,372	22,792
Professional fees	12,000	19,287
Travel	6,050	1,415
Insurance	4,222	4,057
	961,147	817,668
Excess of revenue over expenses for the year before undernoted items	1,614	2,884
Amortization of deferred capital contributions	40,514	38,660
Amortization of capital assets	(42,125)	(42,125)
Excess (deficiency) of revenue over expenses for the year	\$ 3	\$ (581)

See accompanying notes to financial statements.

THE SECOND MILE CLUB OF TORONTO

Statement of Changes in Net Assets

Year ended March 31	2023	2022
Balance, beginning of year	\$ 203,812	\$ (1,452)
Excess (deficiency) of revenue over expenses for the year	3	(581)
Transfer (note 3)	-	205,845
Balance, end of year	\$ 203,815	\$ 203,812

See accompanying notes to financial statements.

THE SECOND MILE CLUB OF TORONTO

Statement of Cash Flows

Year ended March 31	2023	2022
Operating activities		
Cash received from the Ministry of Health	\$ 548,548	\$ 540,824
Cash received from the Ministry for Seniors and Accessibility	164,653	198,280
Cash received from the City of Toronto	77,668	76,145
Cash received from Healthcare Excellence Canada	25,000	-
Cash received from donations	114,104	53,761
Cash received from programs and activities	23,457	2,708
Cash received from client fees	9,259	4,966
Cash paid to employees and suppliers	(353,340)	(907,677)
Net cash provided (used) by operating activities	609,349	(30,993)
Investing activities		
Cash received from The Kensington Health Centre (note 3)	-	285,891
Increase in cash	609,349	254,898
Cash, beginning of year	254,898	-
Cash, end of year	\$ 864,247	\$ 254,898

See accompanying notes to financial statements.

THE SECOND MILE CLUB OF TORONTO

Notes to the Financial Statements

March 31, 2023

1 Organization

The Second Mile Club of Toronto ("the Organization") was incorporated by letters patent on June 16, 1947. The Organization is a registered charity under the *Income Tax Act (Canada)* and accordingly is exempt from income taxes provided certain requirements are met.

The Organization is a community support agency that serves seniors and older adults with disabilities in the City of Toronto. The Organization provides a diverse range of services and programs designed to support the independence, social well being and health of a multicultural community of seniors and older adults, along with a helping hand and respite for families and caregivers.

Effective September 30, 2019, the Organization transferred its assets, liabilities and operations to The Kensington Health Centre.

Effective April 1, 2020 the program activities of the Seniors Active Living Centre funded by Ministry for Seniors and Accessibility and the City of Toronto were transferred back to the Organization.

Effective April 1, 2021 all assets, liabilities and remaining operations previously transferred to The Kensington Health Centre were transferred back to the Organization (note 3).

The Organization, The Kensington Health Centre, The Kensington Eye Institute and The Kensington Research Institute are related parties based on common significant influence. The Kensington Health Foundation is a related party because it conducts fundraising activities on behalf of the Organization. Certain directors may serve on more than one Board of the related organizations.

The assets, liabilities and operating activities of the related corporations are excluded from the Organization's financial statements.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

(i) Contributions

The Organization follows the deferral method of accounting for contributions which include donations and grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted donations are recognized as revenue in the year in which the related expenses are recognized. Grants and donations received and restricted for the purchase of capital assets, are deferred and amortized into income at the same rate as the associated capital asset is amortized.

(ii) Client fees and program revenues

Client fees and program revenues are recorded as revenue once the service has been provided.

(iii) Membership fees

Membership fees are recorded as revenue in the month the fees cover.

(b) Cash

Cash includes cash deposits with financial institutions and petty cash.

THE SECOND MILE CLUB OF TORONTO

Notes to the Financial Statements

March 31, 2023

2 Significant accounting policies (continued)

(c) Capital assets

The Organization records capital assets at cost. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use. When conditions indicate a capital asset no longer contributes to the Organization's ability to provide services or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, its net carrying amount is written down to its fair value or replacement costs. As at March 31, 2023, no such impairment exists.

Capital assets are amortized on a straight-line basis using the following annual rates:

Office furnishings	10 years
Computer equipment	3 years

(d) Employee pension plan

Eligible employee's of the Organization are members of the Ontario Long Term Care Association Pension Plan, a multi-employer defined contribution plan. The Organization follows defined contribution plan accounting for this plan, whereby contributions are expensed when due.

(e) Contributed goods and services

The value of goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

Volunteers provide invaluable donated services to the Organization. Since the fair value of volunteer time is not easily determinable, these contributed services are not recognized in the financial statements.

(f) Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

(g) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. Significant estimates include the useful lives of capital assets, allocation of expenses to programs and settlements with government funders.

All estimates are reviewed periodically and adjustments are made to the statement of revenue and expenses and net assets as appropriate in the year they become known.

THE SECOND MILE CLUB OF TORONTO

Notes to the Financial Statements

March 31, 2023

3 Asset and Program Transfer Agreement

Effective April 1, 2021 the program activities of the Community Support Services funded by Ministry of Health and the City of Toronto were transferred back to the Organization. At the same date the assets and programs and liabilities previously transferred to KHC have been transferred back to the Organization.

The transaction has been recorded at the carrying amount of the assets, liabilities and net assets transferred from KHC on April 1, 2021 as follows:

Assets (including cash of \$285,891)	\$	406,790
Liabilities	\$	200,945
Net assets	\$	205,845

4 Related party transactions

All transactions with related parties are considered to be in the normal course of operations and have been recorded at the exchange amount, which is the amount agreed upon by both parties.

(a) Due to / from related organization

The Organization has recorded the following amounts as due from related organizations:

As at March 31	2023	2022
The Kensington Health Foundation	\$ 30,593	\$ 124
The Kensington Health Centre	2,072	-
	\$ 32,665	\$ 124

The amounts due from The Kensington Health Foundation represent donations collected on behalf of the Organization. The amounts due from the Kensington Health Centre represents donations and Ontario Health Funding collected on behalf of the Organization.

The Organization has recorded the following amounts as due to a related organization:

As at March 31	2023	2022
The Kensington Health Centre	\$ 650,321	\$ 12,678

The amounts due to The Kensington Health Centre represent a reimbursement of expenses incurred on behalf of the Organization.

Amounts due to related organizations are non-interest bearing and are repayable on demand.

(b) Rental expense

The Organization occupies space in the Kensington Gardens on a month to month basis. Included in occupancy expense is rent of \$68,670 (2022 - \$68,670) paid to The Kensington Health Centre.

(c) Shared corporate services cost

The Organization paid corporate services costs totaling \$39,000 (2022 - \$39,000) to The Kensington Health Centre. The expense has been recorded in salaries and benefits expense.

(d) Donations

The Organization recognized donations from The Kensington Health Foundation totaling \$83,387 (2022 - \$53,410).

THE SECOND MILE CLUB OF TORONTO

Notes to the Financial Statements

March 31, 2023

5 Capital assets

As at March 31	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicles	\$ 93,646	\$ 93,646	\$ 93,646	\$ 62,430
Computer equipment	26,036	18,594	77,594	62,705
Office furnishings	-	-	48,689	48,689
Leasehold improvements	34,657	10,397	34,657	6,931
	\$ 154,339	\$ 122,637	\$ 254,586	\$ 180,755
Net book value		\$ 31,702		\$ 73,831

6 Deferred capital contributions

Year ended March 31	2023	2022
Balance, beginning of period	\$ 47,958	\$ 22,333
Transfer (note 3)	-	64,285
Less: amounts recognized as revenue	(40,514)	(38,660)
Balance, end of period	\$ 7,444	\$ 47,958

7 Pension plan

Employer contributions made to the plan during the year by the Organization total \$8,843 (2022 - \$9,162). These amounts are included in salaries, wages and benefits expense in the statement of operations.

8 Contingency

The Organization receives funding from the Ministry of Health ("the Ministry") to assist with the expenditures of the Organization based on a pre-approved budget. The Organization reports annually to the funders for the purpose of determining whether any funding amounts must be repaid. Any amounts repayable are estimated and accrued in the financial statements. Final settlement is subject to review and assessment by the funders. Any adjustments required as a result of the funding provider's final review will be accounted for upon settlement.

As at the date of these financial statements, the Ministry funding for the period of January 1, 2018 to March 31, 2023 has not been subject to this review process.

9 Economic dependence

The Organization recognized as revenue operating funding in the amount of \$764,616 (2022 - \$687,574) from the Government of Ontario. This funding represents approximately 79% (2022 - 84%) of the total revenues of the Organization.

The Organization provides an Annual Report to the Government of Ontario reconciling funding to expenditures. The Annual Reports are used to determine whether any amounts must be repaid to the Government of Ontario. Amounts repayable are estimated and accrued in the financial statements. The Government of Ontario may terminate the servicing agreement if it determines that the Organization is in breach of any of its terms and conditions and the breach is not cured within an established time period after written notice of the breach is provided. Upon termination, funding received in relation to certain capital assets may have to be repaid to the Government of Ontario if the related assets are sold.

THE SECOND MILE CLUB OF TORONTO

Notes to the Financial Statements

March 31, 2023

10 Financial instruments

The Organization is exposed to various risks through its financial instruments. The financial instruments and the nature of the risks to which they may be subject are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk through its cash, investments and each financial instrument.

The Organization's bank accounts are held at two financial institutions. Funds on deposit at each financial institution exceed the maximum amount insured and hence there is a concentration of credit risk.

Credit risk related to investments is minimized by ensuring that these assets are invested in credit-worthy parties.

Receivables are unsecured. Other receivables are comprised of public service body rebate receivable, and amounts due from the Ministry of Health and Long-Term Care which are secured by provincial and / or federal governments.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipating investing and financing activities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

The Organization is not significantly exposed to market risk.

Changes in risk

There have been no significant changes in the Organization's risk exposures in financial instruments from the prior year.