

**GREATER TORONTO AREA INTERGROUP
(O/A GTA INTERGROUP)
Financial Statements**

December 31, 2020



INDEPENDENT AUDITOR'S REPORT

To the members of Greater Toronto Area Intergroup (O/A GTA Intergroup):

Qualified Opinion

We have audited the financial statements of Greater Toronto Area Intergroup (O/A GTA Intergroup) which comprises the statement of financial position as at December 31, 2020, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenues from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, deficiency of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019 and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our review engagement report on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified opinion.

Other Matter

The financial statement of Greater Toronto Area Intergroup (O/A GTA Intergroup) for the year ended December 31, 2019 are unaudited.

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

Management is responsible for the preparation and fair presentation of financial statements in accordance with the 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 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 Organization 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 significant 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.

Sore Rovey Chassen LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 23, 2021

GREATER TORONTO AREA INTERGROUP

Statement of Financial Position

As at December 31, 2020

	2020	2019
Assets		
<i>Current</i>		
Cash (note 2)	\$ 149,957	\$ 77,550
Cash - Ontario Regional Conference fund	8,672	38,832
Marketable securities (cost - \$200,153) - Prudent Reserve fund	219,963	213,212
Accounts receivable (note 3)	9,769	14,459
Accounts receivable - Ontario Regional Conference fund (note 3)	-	13,295
Inventory	38,172	37,712
Prepaid expenses	2,935	5,204
Prepaid expenses - Ontario Regional Conference fund	-	3,647
	429,468	403,911
Restricted cash (note 4)	2,020	2,000
Tangible capital assets (note 5)	1,673	2,426
	\$ 433,161	\$ 408,337
Liabilities		
<i>Current</i>		
Accounts payable and accrued liabilities (note 3)	\$ 31,896	\$ 14,641
Accounts payable and accrued liabilities - Ontario Regional Conference fund	-	21,665
	31,896	36,306
Net Assets		
General fund	172,630	124,710
Ontario Regional Conference fund	8,672	34,109
Prudent Reserve fund	219,963	213,212
	401,265	372,031
	\$ 433,161	\$ 408,337

Approved on behalf of the Board

Director

Director

(see accompanying notes)

GREATER TORONTO AREA INTERGROUP

Statement of Changes in Net Assets

Year Ended December 31, 2020

	2020	2019
General Fund		
Balance at beginning of year	\$ 124,710	\$ 114,196
Transfers from Prudent Reserve fund (note 6)	-	20,000
Transfers from Ontario Regional Conference fund (note 6)	8,295	-
Excess (deficiency) of revenue over expenses for year	39,625	(9,486)
Balance at end of year	\$ 172,630	\$ 124,710

	2020	2019
Ontario Regional Conference Fund		
Balance at beginning of year	\$ 34,109	\$ 42,581
Transfers to General fund (note 6)	(8,295)	-
Deficiency of revenue over expenses for year	(17,142)	(8,472)
Balance at end of year	\$ 8,672	\$ 34,109

	2020	2019
Prudent Reserve Fund		
Balance at beginning of year	\$ 213,212	\$ 222,862
Transfers from (to) General fund (note 6)	-	(20,000)
Excess of revenue over expenses for year	6,751	10,350
Balance at end of year	\$ 219,963	\$ 213,212

(see accompanying notes)

GREATER TORONTO AREA INTERGROUP

Statement of Operations

Year Ended December 31, 2020

	General Fund	Ontario Regional Conference Fund	Prudent Reserve Fund	2020	2019
Sales	\$ 72,225	\$ -	\$ -	\$ 72,225	\$ 154,091
Cost of sales					
Inventory, beginning	37,712	-	-	37,712	37,501
Purchases	46,721	-	-	46,721	108,782
	84,433	-	-	84,433	146,283
Less: inventory, ending	(38,172)	-	-	(38,172)	(37,712)
	46,261	-	-	46,261	108,571
Gross margin	25,964	-	-	25,964	45,520
Other income					
Donations	172,836	-	-	172,836	150,614
Ontario Regional Conference	-	940	-	940	154,818
Investment	-	-	-	-	694
Miscellaneous	1,232	-	-	1,232	6,613
	174,068	940	-	175,008	312,739
Gross earnings	200,032	940	-	200,972	358,259
Expenses					
Amortization	753	-	-	753	753
Bank charges and interest	2,824	-	-	2,824	2,910
Casual labour	1,596	-	-	1,596	2,751
Committees	7,917	-	-	7,917	25,097
Computer	5,382	-	-	5,382	4,136
Equipment leases	6,601	-	-	6,601	6,756
General and office	18,740	-	-	18,740	23,507
Gratitude	3,686	-	-	3,686	6,000
Insurance	1,834	-	-	1,834	1,309
Ontario Regional Conference (note 7)	-	18,082	-	18,082	163,290
Professional fees	11,500	-	-	11,500	9,500
Rent	51,949	-	-	51,949	51,629
Salaries and benefits (note 8)	47,625	-	-	47,625	77,885
	160,407	18,082	-	178,489	375,523
Excess (deficiency) of revenue over expenses before change in fair value of investments	\$ 39,625	\$ (17,142)	\$ -	\$ 22,483	\$ (17,264)
Change in fair value of investments	-	-	6,751	6,751	9,656
Excess (deficiency) of revenues over expenses	\$ 39,625	\$ (17,142)	\$ 6,751	\$ 29,234	\$ (7,608)

(see accompanying notes)

GREATER TORONTO AREA INTERGROUP

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
Operating activities		
Excess (deficiency) of revenue over expenses for year	\$ 29,234	\$ (7,608)
Items charged to operations but not requiring an outlay of cash:		
Amortization	753	753
Gain on disposal of investments	-	(694)
Change in fair value of investments	(6,751)	(9,656)
Changes in non-cash operating items:		
Accounts receivable	17,985	(14,745)
Inventory	(460)	(211)
Prepaid expenses	5,917	15,704
Accounts payable and accrued liabilities	(4,411)	14,207
Deferred revenue	-	(9,860)
	42,267	(12,110)
Investing activities		
Purchase of tangible capital assets	-	(2,790)
Proceeds on disposal of investments	-	20,000
	-	17,210
Increase in cash	42,267	5,100
Cash position at beginning of year	118,382	113,282
Cash position at end of year	\$ 160,649	\$ 118,382

Cash position is comprised of cash, cash - Ontario Regional Conference fund and restricted cash.

(see accompanying notes)

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2020

Purpose of Organization

Greater Toronto Area Intergroup (the "Organization") was incorporated on January 1, 1967 under the Corporations Act of Ontario without share capital as a not-for-profit organization. The Organization is a coordinating body that supports the 12 step work of AA groups in the Toronto area, providing a point of contact between individual groups, members, the public and the still suffering alcoholic.

Basis of Presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

1. Significant Accounting Policies

a) *Basis of accounting*

The Organization uses the accrual method of accounting in recognizing revenues and expenses.

b) *Fund accounting*

Ontario Regional Conference Fund - The Ontario Regional Conference fund has been established with internal restrictions to cover the costs of the annual Ontario Regional Conference.

Prudent Reserve Fund - The Prudent Reserve fund has been established with internal restrictions to provide the Organization with liquid assets to cover 12 months of general operating expenses plus 50% of the anticipated costs of the annual Ontario Regional Conference. As at December 31, 2020, the balance in this fund is insufficient to meet this requirement.

c) *Tangible capital assets*

Tangible capital assets purchased by the Organization are recorded at cost and those donated to the Organization are recorded at their fair market value at the date of acquisition when a fair market value can reasonably be determined. If the fair market value of the contributed asset can not be determined, it is recorded at a nominal value. The amount of contributed tangible capital assets during the year was \$nil (2019 - \$nil).

d) *Amortization*

The Organization amortizes tangible capital assets as follows:

Computer hardware	- 20% per annum, straight line basis
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Notes to Financial Statements

December 31, 2020

1. Significant Accounting Policies (continued)

e) *Inventory*

Inventory is valued at the lower of average cost and net realizable value, with cost being determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale. When the reversal of previously written down inventories is recognized, this reversal is recognized in the statement of operations. The cost of inventories includes the purchase price plus any duties and transportation costs.

f) *Revenue recognition*

Revenue from the sales of inventory is recognized when title passes to the customer, which generally coincides with the delivery and acceptance of goods.

Donations and miscellaneous income are recognized on a cash basis, with no accrual being made for amounts pledged but not received.

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Revenue from conference is recognized upon completion of the event.

Investment income is recognized on an accrual basis. The unrealized gain or loss on investments, being the difference between book value and fair value, is included in investment income in the statement of operations. Dividend income is recorded on the ex-dividend date. Interest income is recognized when earned.

g) *Donated services and materials*

Numerous individuals donate services and materials in the administration of the Organization, the implementation of its programs and the up keep of its tangible capital assets. Due to the difficulty in determining fair value of these contributions, they are not recorded in the financial statements.

h) *Investment transactions*

Investment transactions are recorded on the trade date. Realized gains and losses from investment transactions are calculated on an average cost basis.

i) *Foreign currency translation*

The financial statements are expressed in Canadian dollars. Transactions in foreign currencies are translated at the rate in effect on the transaction date. Monetary assets and liabilities in foreign currencies have been adjusted to reflect the exchange rate in effect at the end of the year. Non-monetary assets and liabilities are carried at historical rates of exchange. Gains or losses resulting from such translations are reflected in the statement of operations.

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2020

1. Significant Accounting Policies (continued)

j) Use of estimates

The preparation of the financial statements requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant items subject to such estimates and assumptions include the estimated useful life of tangible capital assets, allowance for doubtful accounts, net realizable value of inventory, and accounts payable and accrued liabilities. Actual results could differ from those estimates.

k) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

l) Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments which are quoted in an active market. Financial assets measured at amortized cost include cash, accounts receivable and restricted cash. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

m) Government assistance

Government assistance towards current expenses is deducted from the related expense in the statement of operations.

2. Cash

	2020	2019
Cash	\$ 129,858	\$ 77,550
Guaranteed investment certificate 0.2%, maturing January 3, 2021	20,099	-
	\$ 149,957	\$ 77,550

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Notes to Financial Statements

December 31, 2020

3. Government Receivables and Remittances

Accounts receivable includes government remittances refundable in respect of sales taxes. The amounts are \$2,197 (2019 - \$88) for the general fund and \$nil (2019 - \$8,295) the Ontario Regional Conference fund.

Accounts payable and accrued liabilities include government remittances payable of \$nil (2019 - \$nil) in respect of payroll taxes.

4. Restricted Cash

Restricted cash in the amount of \$2,020 (2019 - \$2,000) is held by the Organization's bank as collateral for credit card debt.

5. Tangible capital assets

	Cost	Accumulated Amortization	Net Book Value	
			2020	2019
Computer hardware	\$ 22,489	\$ 20,816	\$ 1,673	\$ 2,426

6. Interfund Transfers

The amounts transferred from the Ontario Regional Conference fund \$8,295 (2019 - \$nil) and the Prudent Reserve fund \$nil (2019 - \$20,000) were for operating activities and were approved by the Operating Committee.

7. Ontario Regional Conference Expenses

The Ontario Regional Conference expenses are \$18,082 (2019 - \$163,290) and consist of the following amounts:

	2020	2019
Audio visual	\$ 400	\$ 47,536
Committees	-	4,775
Conference facilities	-	85,172
General operations	11,633	15,247
Speakers	-	2,170
Travel	6,049	8,390
	\$ 18,082	\$ 163,290

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8. Government Assistance

During the year, the Organization recovered \$29,529 (2019 - \$nil) from the Government of Canada under the Canada Emergency Wage Subsidy (CEWS) program. This amount was reported as a reduction of salaries and benefits expense.

9. Lease Commitments

a) The Organization is committed under a lease for its office premises to July 31, 2022. The future minimum lease payments indexed to inflation, are as follows:

2021	\$	26,985
2022		<u>15,741</u>
	\$	<u><u>42,726</u></u>

b) The Organization also leases a postage meter and photocopier, the leasing agreement will expire in October 2021 and February 2022, respectively. Future minimum payments are as follows:

2021	\$	5,670
2022		<u>680</u>
	\$	<u><u>6,350</u></u>

10. Income Taxes

The Organization is registered as a charitable organization and, accordingly, is not subject to income tax provided certain guidelines under the Income Tax Act are complied with.

11. Financial Instruments

a) *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 on the accounts receivable from its customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. At December 31, 2020 the allowance for doubtful accounts was \$nil (2019 - \$nil). There has been no change to the risk exposure from 2019.

The Organization has credit risk relating to cash, which it manages by dealing with a large Canadian chartered bank. The Organization's cash carrying value is \$140,550 (2019 - \$120,102), representing the maximum exposure to credit risk to these financial assets. All of the Organization's cash was held by one financial institution. There has been no change to the risk exposure from 2019.

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Notes to Financial Statements

December 31, 2020

11. Financial Instruments (continued)

b) *Liquidity risk*

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from its members. There has been no change to the risk exposure from 2019.

c) *Market risk*

i) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is exposed to foreign currency fluctuations on its foreign currency denominated cash and accounts payable. Such foreign currency fluctuations could cause a variation in earnings. The foreign currency denominated accounts that have been converted into Canadian dollars can be summarized as follows:

	2020	2019
U.S. denominated net assets	\$ 3,541	\$ 26,144

There has been no change to the risk exposure from 2019.

ii) *Other price risk*

The Organization's investments expose the Organization to price risks as the fixed income investments are subject to price changes in an open market. At December 31, 2020, the Organization had fixed income investments with a fair market value of \$219,964 (2019 - \$213,212), that could be affected by market price fluctuations. There has been no change to the risk exposure from 2019.

12. COVID-19 Pandemic

On March 11 2020, the World Health Organization declared the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of COVID-19. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Organization in future periods.