

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

December 31, 2021
(Unaudited)



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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

We have reviewed the accompanying financial statements of Greater Toronto Area Intergroup (O/A GTA Intergroup) which comprises the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on these financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many charitable organizations, the Organization derives revenues from donations, the completeness of which is not susceptible to satisfactory review procedures. 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 revenue, excess or deficiency of revenues over expenses, and cash flows for the years ended December 31, 2021 and 2020, and assets and net assets as at December 31, 2021 and 2020.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Greater Toronto Area Intergroup (O/A GTA Intergroup) as at December 31, 2021, 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.

Toronto, Ontario
June 22, 2022

Sone Rovet Chasson LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

GREATER TORONTO AREA INTERGROUP

Statement of Financial Position

As at December 31, 2021

(Unaudited)

	2021	2020
Assets		
<i>Current</i>		
Cash (note 2)	\$ 129,646	\$ 149,957
Cash - Ontario Regional Conference fund	10,003	8,672
Marketable securities (cost - \$267,159) - Prudent Reserve fund	256,138	219,963
Accounts receivable (note 3)	13,535	9,769
Inventory	32,472	38,172
Prepaid expenses	5,606	2,935
	447,400	429,468
Restricted cash (note 4)	2,024	2,020
Property and equipment (note 5)	10,331	1,673
	\$ 459,755	\$ 433,161
Liabilities		
<i>Current</i>		
Accounts payable and accrued liabilities (note 3)	\$ 19,061	\$ 31,896
Current portion of obligation under capital lease (note 6)	1,728	-
	20,789	31,896
Obligation under capital lease (note 6)	7,488	-
	28,277	31,896
Net Assets		
General fund	165,337	172,630
Ontario Regional Conference fund	10,003	8,672
Prudent Reserve fund	256,138	219,963
	431,478	401,265
	\$ 459,755	\$ 433,161

Approved on behalf of the Operating Committee

Operating Committee Member

Operating Committee Member

(see accompanying notes)

GREATER TORONTO AREA INTERGROUP

Statement of Changes in Net Assets

Year Ended December 31, 2021

(Unaudited)

	2021	2020
General Fund		
Balance at beginning of year	\$ 172,630	\$ 124,710
Transfers from (to) Prudent Reserve fund (note 7)	(47,000)	-
Transfers from Ontario Regional Conference fund	-	8,295
Excess of revenue over expenses for year	39,707	39,625
Balance at end of year	\$ 165,337	\$ 172,630

	2021	2020
Ontario Regional Conference Fund		
Balance at beginning of year	\$ 8,672	\$ 34,109
Transfers to general fund	-	(8,295)
Excess (deficiency) of revenue over expenses for year	1,331	(17,142)
Balance at end of year	\$ 10,003	\$ 8,672

	2021	2020
Prudent Reserve Fund		
Balance at beginning of year	\$ 219,963	\$ 213,212
Transfers from general fund (note 7)	47,000	-
Excess (deficiency) of revenue over expenses for year	(10,825)	6,751
Balance at end of year	\$ 256,138	\$ 219,963

(see accompanying notes)

GREATER TORONTO AREA INTERGROUP

Statement of Operations

Year Ended December 31, 2021

(Unaudited)

	General Fund	Ontario Regional Conference Fund	Prudent Reserve Fund	2021	2020
Sales	\$ 78,405	\$ -	\$ -	\$ 78,405	\$ 72,225
Cost of sales					
Inventory, beginning	38,172	-	-	38,172	37,712
Purchases	40,805	-	-	40,805	46,721
	78,977	-	-	78,977	84,433
Less: inventory, ending	(32,472)	-	-	(32,472)	(38,172)
	46,505	-	-	46,505	46,261
Gross margin	31,900	-	-	31,900	25,964
Other income					
Donations	153,129	-	-	153,129	172,836
Ontario Regional Conference	-	3,286	-	3,286	940
Investment	-	-	20,007	20,007	-
Miscellaneous	4,975	-	-	4,975	1,232
	158,104	3,286	20,007	181,397	175,008
Gross earnings	190,004	3,286	20,007	213,297	200,972
Expenses					
Amortization	846	-	-	846	753
Bank charges and interest	2,842	-	-	2,842	2,824
Casual labour	691	-	-	691	1,596
Committees	2,167	-	-	2,167	7,917
Computer	3,431	-	-	3,431	5,382
Equipment leases	5,336	-	-	5,336	6,601
General and office	5,230	-	-	5,230	18,740
Gratitude	2,576	-	-	2,576	3,686
Insurance	1,971	-	-	1,971	1,834
Ontario Regional Conference (note 7)	-	1,955	-	1,955	18,082
Professional fees	18,843	-	-	18,843	11,500
Rent	49,458	-	-	49,458	51,949
Salaries and benefits	56,906	-	-	56,906	47,625
	150,297	1,955	-	152,252	178,489
Excess (deficiency) of revenue over expenses before change in fair value of investments	\$ 39,707	\$ 1,331	\$ 20,007	\$ 61,045	\$ 22,483
Change in fair value of investments	-	-	(30,832)	(30,832)	6,751
Excess (deficiency) of revenues over expenses	\$ 39,707	\$ 1,331	\$ (10,825)	\$ 30,213	\$ 29,234

(see accompanying notes)

GREATER TORONTO AREA INTERGROUP

Statement of Cash Flows

Year Ended December 31, 2021

(Unaudited)

	2021	2020
Operating activities		
Excess of revenue over expenses for year	\$ 30,213	\$ 29,234
Items charged to operations but not requiring an outlay of cash:		
Amortization	846	753
Gain on disposal of investments	(20,007)	-
Change in fair value of investments	30,832	(6,751)
Changes in non-cash operating items:		
Accounts receivable	(3,766)	17,985
Inventory	5,700	(460)
Prepaid expenses	(2,671)	5,917
Accounts payable and accrued liabilities	(12,836)	(4,411)
	28,311	42,267
Financing activities		
Increase in obligation under capital lease	9,216	-
Investing activities		
Purchase of property and equipment	(9,504)	-
Purchase of investments	(46,999)	-
	(56,503)	-
Increase (decrease) in cash	(18,976)	42,267
Cash position at beginning of year	160,649	118,382
Cash position at end of year	\$ 141,673	\$ 160,649

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, 2021

(Unaudited)

Purpose of Organization

Greater Toronto Area Intergroup (the "Organization") was registered as a Charitable Organization on January 1, 1967. 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, 2021, the Operating Committee feels the balance in this fund is sufficient to meet this requirement.

c) *Property and equipment*

Property and equipment 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 property and equipment during the year was \$nil (2020 - \$nil).

d) *Amortization*

The Organization amortizes property and equipment as follows:

Computer hardware	- 20% per annum, straight line basis
Equipment under capital lease	- straight line basis over the term of the lease

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2021

(Unaudited)

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 property and equipment. 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, 2021

(Unaudited)

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 property and equipment, allowance for doubtful accounts and net realizable value of inventory. 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.

2. Cash

	2021	2020
Cash	\$ 129,646	\$ 129,858
Guaranteed investment certificate 0.2%, maturing January 3, 2021	-	20,099
	\$ 129,646	\$ 149,957

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

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(Unaudited)

3. Government Receivables and Remittances

Accounts receivable for the general fund and Ontario Regional Conference fund includes government remittances refundable of \$912 (2020 - \$2,197) in respect of sales taxes.

Accounts payable and accrued liabilities include government remittances payable of \$1,041 (2020 - \$Nil) in respect of payroll taxes.

4. Restricted Cash

Restricted cash in the amount of \$2,000 (2020 - \$2,000) is held by the Organization's bank as collateral for credit card debt.

5. Property and Equipment

	Cost	Accumulated Amortization	Net Book Value	
			2021	2020
Computer hardware	\$ 22,489	\$ 21,374	\$ 1,115	\$ 1,673
Lease Equipment	9,504	288	9,216	-
	\$ 31,993	\$ 21,662	\$ 10,331	\$ 1,673

6. Obligations Under Capital Lease

Obligations under capital lease are secured by the leased equipment, bearing interest at 0% per annum, maturing no later than April 2027, with future minimum payments as follows:

	2021	2020
2022	\$ 1,728	\$ -
2023	1,728	-
2024	1,728	-
2025	1,728	-
2026 and thereafter	2,304	-
Total minimum lease payments	9,216	-
Less: amount representing interest	-	-
	9,216	-
Less: current portion	1,728	-
	\$ 7,488	\$ -

7. Interfund Transfers

The amounts transferred from the General fund to the Prudent Reserve fund were used for investment activities and was approved by the Operating Committee.

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2021

(Unaudited)

8. Ontario Regional Conference Expenses

The Ontario Regional Conference expenses are \$1,955 (2020 - \$18,082) and consist of the following amounts:

	2021	2020
Audio visual	\$ 534	\$ 400
General operations	3,007	11,633
Travel (recovery)	(1,586)	6,049
	\$ 1,955	\$ 18,082

Subsequent to the year end, the Organization entered into agreements with the venue of the 2023 and 2024 Ontario Regional Conference guaranteeing certain minimum guest room and food and beverage commitments. The 2023 minimum guest room requirement is 437 room nights over the duration of the conference at \$209 per room, whereas the food and beverage commitment is \$35,000. The 2024 minimum guest room requirement is 716 room nights over the duration of the conference at \$215 per room, whereas the food and beverage commitment is \$54,000. Based on historical attendance to this annual conference, the Operating Committee expects these minimums to be met and as a result, does not expect any loss to the Organization.

9. Lease Commitments

The Organization is committed under a lease for its office premises to July 31, 2027. The minimum lease payments for the next five years are as follows, indexed to inflation.

2022	\$ 27,875
2023	27,875
2024	27,875
2025	27,875
2026	27,875
Total	\$ <u>139,375</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.

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2021

(Unaudited)

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, 2021 the allowance for doubtful accounts was \$nil (2020 - \$nil). There has been no change to the risk exposure from 2020.

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 \$141,672 (2020 - \$140,550), 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 2020.

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 2020.

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:

	2021	2020
U.S. denominated net assets (liabilities)	\$ (4,307)	\$ 4,445

There has been no change to the risk exposure from 2020.

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, 2021, the Organization had fixed income investments with a fair market value of \$256,138 (2020 - \$219,964), that could be affected by market price fluctuations. There has been no change to the risk exposure from 2020.

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2021

(Unaudited)

12. Subsequent Event

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.